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ADVANCED MANAGEMENT

Quarterly Journal • Society for Advancement of Management

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CHARLES E. WILSON

Junior Executives Take Stock of Their Work
CHARLES P. McCORMICK

Democratic Principles in Business Management
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Criteria for Organization Unity
J. WATSON WILSON

Giving Orders
W. L. HUNG

Character Education for Business
ORDWAY TEAD

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ADVANCED MANAGEMENT

Quarterly Journal

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Comment

COMMUNICATION is the newly popular word to identify a perennial problem of managers. It is the double problem of being sure that workers all down the line are being fully informed about what managers want them to know, and that all workers are able to get off their chests, to the appropriate managerial persons, any and all gripes, peeves and critical reactions which they may be cherishing. This is the informational aspect of communication and it is still, broadly viewed, an unresolved difficulty.

Indeed, until this communication is better achieved and the lines of interchange are more fully and freely established and used, the more creative aspects of consultative and collaborative communication and participation cannot develop. The first step is to assure that knowledge is disseminated throughout an organization on all items necessary for correct decisions and conduct at the several levels. The second and later step is the creation of group units suitable for face-to-face consideration of ways and means to work together on behalf of improved production. The second step depends upon the success of the first; and both together go a long way toward that new spirit of creative interest and zest which, for example, the valuable current studies of the National Planning Association (entitled "The Causes of Industrial Peace") show that it is possible to generate.

Good communication at both of these levels is bought at a price which managers have got to be prepared to pay and to prepare themselves to pay. In that price the first component is awareness of the psychological nature of the process of communication itself. This is well suggested by the following definition in a recent volume to the effect that "communication is communion, experiential rapport, common consent and understanding."

In other words, communication, to have vitality, results from a real sharing of experiences in the course of which people are brought by the experiences to look upon the same problems in the same way. It is not mere telling. It is not the taking of opinion or attitude polls. It goes beyond putting information from one group at the disposal of other groups. It is the result of personal interchange sufficiently intensive and prolonged to yield a true meeting of minds and a practical unity of intention.

And if something as deep-rooted as this is what communication implies and entails, it means that further components in the price of obtaining it include a sense of mutual trust, respect and confidence; include a sense that full disclosure is taking place; include a provision that the whole middle management group is not being by-passed but rather is being made by top management the channel and instrument of the actual personalized communication process itself; include the provision of enough time continuously for the appropriate executives to meet with the different groups down the line so that acquaintanceship gradually ripens into something approaching intimacy.

It will be no service either to managers, workers or union leaders to minimize the elements and the conditions of real communication. We have, it is true, gotten along on far less than this; and our over-all productivity has indeed been the marvel of the world. But with the increasing strength of labor unions, the climate of sentiment is changing. And with the increasing awareness of how people are motivated to their own best creative contribution, the nature of our problem is now seen to be different from what managers had previously thought it to be.

If we do not in all corporate projects communicate in the profound sense I have tried to suggest, we will not deeply cooperate and collaborate. And if all the affected groups do not truly collaborate, we will have neither the production we need and might get nor that spirit and method animating our industrial operations which are genuinely democratic and genuinely implicating the creative zeal of a considerable segment of our workers of head and hand.

"The Challenge of the American Know-How," as a recent volume bearing that title has well suggested, is a basic one. And the fact is that the challenge has to be faced by many in our own land no less than by industrialists abroad.

* * *

That members of the Society for Advancement of Management have a unique opportunity to participate in activities leading toward better understanding and application of good management principles is effectively demonstrated in the Society's recently published *Chapter Operations Manual,* which is obtainable from the National Office. This compact guide impresses one on two important counts. First it is a compilation, not of high-sounding generalizations, but of reports, pain-

stakingly gathered and edited, on how S.A.M. chapter officers have successfully met specific problems of chapter organization and operation. Second, and of particular interest in an organization that places high value on the contributions that individuals can make to our industrial society by willing, cooperative effort, this booklet emphasizes the great degree to which the S.A.M. depends for its own effectiveness on the voluntary activities of its separate members, working together in autonomous chapter units. The suggestions which the *Manual* offers for successful conduct of chapter activities are explicit and profuse, but it is characteristic of the Society's philosophy, as Dillard E. Bird has pointed out in his introduction, that the booklet is offered as a guide rather than as a set of hard-and-fast rules.

ORDWAY TEAD

WHAT ruined feudalism, Taine demonstrated, was failure to maintain its social function. Originally the feudal lord was the military protector of the people on whose work he lived, their arbitrator and judge. He recognized that the old and infirm and the orphaned children merited his concern and succour. But with the advance of the absolute monarchy the feudal lord developed by imperceptible degrees to the position of landlord, often absentee landlord. His dependents became tenants, paying such rents as the landlord's stewards could extract and carrying their own disabilities and sorrows as best they could. The way was being paved for the French Revolution and the series of reforms and revolutions culminating in the Russian Revolution, still making progress in the world, sapping away at Italy and China and infiltrating the Arab world of Effendis and puppet kings.

Capitalism, at the outset, did not even pretend to a social function. As a good capitalist, you grabbed. You won honor, like Little Jack Horner, if you put in your thumb successfully and pulled out a really luscious plum. Perhaps your prosperity was based on the trimmings from the singer of the "Song of the Shirt":

Seam and gusset and band.
Band and gusset and seam.
Till over the buttons I fall asleep
And sew them on in a dream.

Or perhaps your profits came from a tropical rubber forest, with one recalcitrant worker's hand chopped off for every X tons of produce. What was that to you? Your protection was the "sacredness of private property." Your social function? To put in your thumb.

That, we have come to know, is not an adequate protection. In the last generation we have seen more property confiscated than existed in the world two generations ago. Capitalism recognizes the desperate need of an adequate function. It has found it in management. We hear less and less of the relations of labor and capital. What we hear of nowadays are the relations of labor and management. For management is the indispensable condition of labor productivity, and all the good things that flow from it.

So far, good. But there is still the vested interest conception, that has kept us from the benefits of the St. Lawrence Seaway, with its huge head of cheap power. There are still the vested interests that compel us to give our billions of production to Europe gratis, when a drastic cut in the tariff would bring us goods for goods, to cut the cost of living.

Capitalism is still bowed down under antique luggage that makes a mockery of its vital social function. That, not red propaganda, is the real menace looming against its future.

ALVIN JOHNSON

(*Reprinted by permission from the* New School Bulletin *for December 6, 1948, published by The New School for Social Research.*)

General Electric's anti-inflation program is a continuing effort to convince employees, customers, stockholders, and the neighbors in each plant community of the need for producing more, spending less, and saving. In the struggle to defend our free institutions, management has an exciting responsibility to pass on the economic truths which it has learned from experience.

Getting Employees and Public Behind an Anti-Inflation Program

By CHARLES E. WILSON

INFLATION cannot be quarantined. It can't be licked in Schenectady, New York, or Fort Wayne, Indiana, or Newburyport, Massachusetts, unless it has also been halted and turned back in every other section and economic segment of our country. There is nothing peculiarly local about what a man eats or wears or buys, or what he puts in a bank. This is a marketplace economy and a marketplace democracy that we enjoy, and its dimensions are not only national, but international.

Perhaps this seems to be a roundabout way of admitting that our company launched an anti-inflation program which was not entirely successful. I do not believe our "campaign" was entirely unsuccessful. Secondly, it was not a campaign at all, because we told ourselves from the beginning that it had to be a continuing effort, and that effort is still commanding our best efforts and attention. Finally, if anything I could tell about our program would be useful to other companies in helping to keep this fight going, then certainly I had an obligation to tell it. It is impossible to overemphasize the importance of continuing effort, and especially of making use of the periods of calm between union negotiations to enlarge the areas of economic understanding by everybody. Wages, for instance, are not determined just at the bargaining table, but against the background of actions, of understanding or the lack of it, over the preceding eight or ten months. All too often we fall victim to the day-to-day newspaper evaluation of our effort, which is oversimplified and overdramatized necessarily, just as we fall victim to the newspaper day-to-day evaluation of the domestic political or foreign political situation, forgetting that what we are engaged in is a long continued story, and that the end is never in sight.

Beginning in January 1948, we lowered prices on most of the goods we manufacture. In the spring we reduced them further. During this period we pursued vigorously, and dramatically, a course of action in our plants and in our communities which was calculated to complement and extend our price-reduction efforts. After a fair trial, and under the extreme pressure of mounting material, labor, and freight costs, we raised many of our prices again. To an impartial newspaper reader it no doubt appeared that the General Electric Company had tried something and then given it up as a bad job. That was not quite the case.

Broad Principles

I would like to discuss the methods and techniques, which are still being pursued, and the broad principles or understandings on which it seems to me management can move against inflation. In such a treatment the technical phases of the question, such as government controls and money policies, do not especially concern

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Charles E. Wilson, President of General Electric, gave the talk on which this article is based at the S.A.M. Annual Conference in New York on October 28, 1948.

me. These are professional operations on a level which baffle and bore the ordinary human being. He does not understand them, he cannot tell whether or not they are correct, and he can substantially do nothing about them. In the end what this ordinary human being, multiplied millions of times, does in the management of his own personal economy will be the deciding factor anyway. Government and private fiscal policies do not essentially shape our future so much as they reflect, and react to, our past and present behavior.

As managers of business enterprise we are first of all concerned with these ordinary human beings like ourselves—as employees and associates, as customers, as investors of capital, as citizens and friends of our community. This is the primary stage upon which we must act. This is where we must do our work, for better or worse. This is where we can produce good results if we approach the task honestly and intelligently and keep everlastingly at it.

What is inflation? It is the existence of too much money and too few goods, a dynamic condition in which the dog chases his tail to the point of exhaustion and chaos, the point at which the rules are thrown overboard and necessity takes over. That is depression, and its scars persist for generations, warping and maladjusting the minds of men in whatever field they operate.

How do you combat inflation, broadly speaking? You try to do those things, and cause others to do those things, which will increase production, and productive efficiency, without increasing costs. Instead of living on your capital you try to save something from income and increase capital. You try to buy wisely, and exercise as much restraint as possible in making your purchases, so that you won't bid up the price of scarce goods still further. Whether you are a company or an individual, your efforts to halt and turn back inflation must follow these paths—producing more, spending less, and saving. Of course these are the things that any good business and any thoughtful individual should always be doing, as a part of their scheme of operations; and corporate or individual stability and progress are their fruits. But it remains for a period of notable economic imbalance, such as the present, to stress their particular effectiveness. In other words, now is the time, of all times, to "straighten up and fly right."

Voluntary Action by Individuals and Companies

Early in our concentration on the problems of inflation we became convinced of two things; first, that only voluntary action along a wide front, by individuals and by companies, could reverse the inflationary cycle. We didn't think it could be done by master planning or by the imposition of government controls or rationing. Peacetime America was weary of controls, and to a remarkable extent inflation itself showed their economic jubilation at being free again. The second thing was that the proper field of action and influence for a business unit was with the people it lived with—those same employees, customers, and stockholders. This immediately raises another consideration—much broader in its scope and much more important than the anti-inflation program itself. It is this—you can't influence people unless you can communicate with them, unless you have their respect, and unless they believe what you say.

The first thing to examine, for any management which is contemplating such a program as this, is the state of its relations with its employees, with its customers, and with the communities in which it lives. At some future stage of development it may be that stockholders in a corporation will constitute an equally important grouping. We want them to be just as important, but currently they are not as responsive or as easily identifiable. Taken altogether these are our public. As you know, in any large company, these groups overlap considerably, and to the extent that they do overlap, that is a bonus for you in your relations with them. The important thing is to shape up a line of communication to each group in terms of its particular interests, and not to make the fatal mistake of lumping them together and talking at them from an ivory tower. The degree to which your communications-mechanism —your relations-machine—functions satisfactorily and efficiently is the exact degree by which any program you propose to it, in an attempt to influence the minds of people, will be effective.

Importance of Community

In our experience the key in this concept of a company's relations with the public is *community*. You understand, of course, that an employee relations program and a community relations program are two distinct things. The first concerns your in-plant relationship with your own employees. The second consists of the physical relationship between your company—its buildings, its people, its plans, and its behavior —and the community in which you work and live and pay taxes, just as any other citizen. I do not confuse the two. But I do stress the importance of responsible local action in public relations.

Perhaps the point is better made by an example. In everything we do we try to make our employees feel that the General Electric Company is not some remote corporate entity, but that it is the foreman, the supervisor, the fellow for whom they work, whom they can touch and talk to. In the same way, we want the communities in which we have plants to feel that General Electric is not an absentee corporate officer, but a local business, no bigger and no smaller than the buildings and machines they can see, or the people they know. When General Electric talks to its employees, or when it addresses the neighbors in any one of its communities, it does so in local terms, faces local issues and responsibilities, uses the local language. Our community relations are not machine-made in New York; they are the sum total of our relationships in each community where we do business. All this adds up to the fact that when we talk to people we like to be within touching distance of them, so we can hear what they say in reply. We thus have a better chance of knowing whether we are on the right track, whether we are being believed.

To return, then, to the more immediate subject. The fact that we have now been living with inflation, and learning to roll with it as best we may, for some time, should not lead us into relaxing our efforts to combat it. It has its intoxicating aspects for the individual which break down his guard. The same man who, as the manager of a business, is aware all through his business day of the peril to the economy of a continuing inflationary cycle, is likely to become a different person at home. With a little practice he can accustom himself to automobiles which cost twice what they did in 1941, and houses which cost three times as much. Cheap money disturbs our sense of values. That is a common human experience, and unless we are unusually vigilant, we find that we are individually contributing to the inflationary cycle even though we know better.

Danger in Deflation

There is real danger, too, in the inevitable correction, or deflation, and it will be worse the further inflation goes, because the correction is then likely to be violent. The peril here is especially to our political system, since people who have been hurt and who are not well informed as to basic economics will unthinkingly demand that government adopt collectivist or unsound monetary and economic measures. Another deficit-financing spree might just about finish us.

We must recognize that there has been permanent and irretrievable damage done already. We can't go quickly back to any 1939 dollar values, desirable as that seems to many at first glance. The cure would be as bad as the disease. What we must endeavor to do first, I believe, is to arrest further inflation, and then gradually improve our standard of living through higher productivity, through technological improvement, through greater skill and care and effort by all individual workers. These are measurable things. We know rather accurately what to expect from them year by year, but we must give them a chance to work. In the process, prices can come down quite a little, with volume of employment and production kept high. But this must be a voluntary widespread effort, in which every one participates. Most of our real progress is made in the period of a buyer's market. If you will employ the human relations machinery at your command to help teach understanding of this principle, you will be making real progress in your anti-inflationary program.

In a buyer's market the forces of greater productivity and technological improvement logically come into play, and the value of the dollar improves instead of deteriorates. It would be a wonderful thing, and a great tribute to the basic good sense of American business and American consumers, if we could by our concerted efforts produce a mild buyer's market voluntarily, in the near future, and not wait for a collapse of prices and volume and employment to drive us to it. I am sure we can't produce any such desirable condition through government decree. But we can do it through education, leadership and understanding. That is what we are trying to accomplish with our present company program.

We are fully aware that this is not an easy story to get over. And we do not feel that it is enough to get it across to just a few people. It is a complicated story, and it must be told on a wide front, in simple language. It will require every bit of skill in communication that you possess—the kind of skill that you put into selling your products and services.

Education Begins With Management

To begin with—but not end with—take your own management group. In the case of General Electric this means some 15,000 people at all levels of management. We ourselves must be the first to learn basic economics all over again. We are employing committee organizations, discussion groups, publications, and special mailings, among other things to do this job. For the manufacturing group we are studying economics through the medium of a new supervisor's guide, and through special courses utilizing films, slides, and skits—all to make

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We must recognize that there has been permanent and irretrievable damage done already. We can't go quickly back to any 1939 dollar values, desirable as that seems to many at first glance. The cure would be as bad as the disease. What we must endeavor to do first, I believe, is to arrest further inflation, and then gradually improve our standard of living through higher productivity, through technological improvement, through greater skill and care and effort by all individual workers. These are measurable things. We know rather accurately what to expect from them year by year, but we must give them a chance to work. In the process, prices can come down quite a little, with volume of employment and production kept high. But this must be a voluntary widespread effort, in which every one participates. Most of our real progress is made in the period of a buyer's market. If you will employ the human relations machinery at your command to help teach understanding of this principle, you will be making real progress in your anti-inflationary program.

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our supervisors, our discussion leaders, more competent to teach publicly. We have found relatively few among the 15,000 in General Electric who were competent to take on the defense of our economic system, or even of our own operations, when opposed by an eloquent left-wing union representative or politician. We are trying to change that.

Next, we are moving on to the problem of teaching our employees the same basic economic facts that we are re-learning. These messages discuss the economics of their job, particularly in those areas where they tell us they are most confused or troubled or doubtful of us or the system behind us. It is not enough, once you have convinced yourself of the effectiveness of good community relations, just to talk to the employee himself. We have to tell his family and his neighbors, too. Otherwise we send him home to face thirty-five to fifty others who may still be misinformed and whom he is not yet competent to convince, in his role of a fledgling teacher of economics. In our case we send our message direct to our 200,000 employees, and then send the same economic messages through paid advertisements in plant city newspapers to six-and-one-half million readers who are the employee's neighbors.

Prices, incidentally, are subject number one in the common man's forum on inflation. Since he is working for you, don't fail to give him full information about your prices, how you arrive at them, how they compare with the other things he buys, and what part of the sales dollar goes back to him in wages, what part to taxes, what part to materials, and so on. Don't forget the part that goes to profits. He has a right to know, and he usually starts out with a false impression. This makes a good place at which to start your discussion of the buyer's market, and how fatal it is to price yourself out of a market. One of the traditional errors of American management has been its failure over the years to establish adequately in the individual worker's mind the relation between his effort and product price.

Finding Subjects of Interest

I have been speaking hurriedly here of the things we tell our people, but I would not like to leave the impression, even in haste, that the selection of subject is arbitrary. This is a selling job in the best sense, and it is continually preceded and accompanied by market research—the market here being men's minds. We constantly survey and check to make sure that we are directing our discussions to the points of their greatest interest and concern—and perhaps disagreement with us. Our most recent survey indicated that Communism and inflation are the two top worries of employees and public alike, running nine-to-one and eight-to-one respectively ahead of the next worry—which is the difficulty between management and unions. Peculiarly enough, from an economic standpoint, both Communism and inflation present the same problem in education.

Let us take a look at what we are finding, and then telling employees and their neighbors about inflation or high prices. We have been at this for a year in one way or another. This sample will show you some of the complexity of this campaign. Obviously each one of the following ten points requires, and gets, much more detailed discussion, in other messages. We say these are the causes of high prices:

1. The government spent more than it took in;
2. Rationing and price control in war years—without adequate wage control;
3. Necessary shooting away of about half the country's production in war years, but failure to tax back from consumers—to take out of existence—the extra bonds and money printed during the war to pay for that war production;
4. High cost of government in peacetime—take almost twenty percent of the country's production and income for its own purposes;
5. Paying subsidies to put and keep prices up—even in a seller's market;
6. Round after round of postwar general wage increases to many groups—thus diluting further the value of money because there was no corresponding individual contribution to increased production;
7. Too anxious consumer demand for available production;
8. Spending of savings and too much unnecessary buying on credit;
9. Needed aid to Europe, and the new re-armament program;
10. Lowered taxes on individuals — which freed extra money for further upward pressure on prices.

The point here is that we are trying to get over the *facts* as to the causes of high prices—good and bad and those that couldn't be helped. We don't take political sides, but just analyze the situation factually.

Of course, just stating the facts is not enough, and the question arises as to what to do. We try to cover that, too. One of the best things to do, when you are seeking credibility, is to act. We made two price reductions, which I have referred to, totaling some sixty million dollars in consumer benefits. And we made them

in the face of rising costs and a heavy demand for these very products. We knew this would not single-handedly conquer inflation, but we were willing to set an example and keep it up as long as possible. On our regular education program we superimposed a special "Conquer Inflation" program, dramatized by the price reductions. We asked as earnestly as we knew how that other business concerns, all leaders, and all workers join in an effort to give bigger value immediately in goods and services. We urged that all—as consumer beneficiaries of these bigger values—restrain themselves from applying the money saved to further pressure on the prices of scarce foods and other items still in an unnatural demand-supply state. Better still, we urged that all exercise selfish prudence, or just common sense, in trying to ease the pressure on prices of all things, and in trying to increase savings now in cheap money —thereby increasing the buying power of money being spent and saving for future purchases later.

Our influence alone proved not great enough to stem the tide of further price and wage rises—as we knew it would not. But we are proud of what we did. We think it did a lot of good in putting a damper on a runaway situation. We guess it did a lot more good in starting some really sober thinking on this subject by thousands of people. It would, of course, have done infinitely more good—and perhaps would have succeeded completely — if we had been better salesmen to our fellow business men and had persuaded a few more of them to go to the public with voluntary price reductions and campaigns for group and individual economic education.

We have recently taken another action which fits in with our continuing program of deeds and words. We made effective on October 1, 1948 a new employee savings and stock bonus plan, designed to supplement previous insurance and pension plans by encouraging regular savings. Without going into details, the plan involves the purchase of U. S. Savings Bonds through regular salary deductions, and offers an incentive for this saving in the form of a bonus of G-E stock. The plan not only makes it convenient for an employee to purchase government Series "E" bonds, but gives a stock bonus to participating employees who retain the bonds thus purchased for a specified holding period. It thus gives them a higher rate of return than is available from individual investment either in savings bonds or in high grade securities, and also gives them a financial interest in the company through stock ownership. The feature of the plan which puts a premium on retaining savings is what we particularly like—and the whole idea is effective in giving an employee a personal, tangible interest in the American business system.

I believe we have been, in our messages and discussions, quite specific about the function of profits. We explain the virtue and use of savings—and the great need for them now to finance improvements required for a further advance in our standard of living. We have not hesitated to discuss calmly such subjects as Communism, and especially the problem of Communism and other forms of collectivism in union leadership.

Success Our Strongest Weapon

Above all, we have tried to keep a balance in what we said. We have tried to help our employees and their neighbors understand that, while we want earnestly to go on to something better, we must not overlook the fact that we are mighty well off right now by any standards the world has ever known. More than any one on the face of the earth we can take pride and satisfaction in our achievements, because the United States is the stand-out economic and political success of all time. In industry we have walked with giant strides. Our progress has materially—and, I believe, spiritually—touched every factory, home and farm in the land. In fact our success is our strongest weapon, against which the dissidents, the haters, and the destroyers have never been able to prevail.

There are fewer real economic distinctions—between rich people and poor people—in the United States than anywhere else in the world. Where once only the rich could afford candles at night and the poor had only the light of the open hearth, today the finest light that money can buy and science can provide costs only a few cents and is available to all. Rich men, if we still have any, can buy no better refrigeration and cooking equipment and washing machines and telephones and plumbing and automobiles than are available to everybody. Big corporations operate on capital supplied by small investors—by the butcher, the baker, the teacher, and the cop on the corner. Truly we are a nation of wealthy people. We are wealthy in the things that make our lives safe, free, and full of enjoyment. Every day of every year American industry, and that means management and labor, investors and customers, is adding to the great American middle class by creating more goods for more people at less cost. This is the tireless rhythm and pattern of life in the United States.

We have talked a great deal about dangers that face us, perhaps more than we should. To beat these perils out and stamp them out together, is our great task.

We are addressing ourselves to the effective and proper consummation of that task.

But let us not lose our sense of proportion, either in our preparation or in our execution. America was built by positive action, and that will continue to be her salvation and her glory as we go forward. It is late for us to be starting to speak out along these lines, and still ask confidence in what we say. So many of us in management have been silent for so long, letting others fill the air with words of destruction. Our lateness only makes the need more crucial. A world, in fact, is at stake. Our problems are sharp and pressing. The institutions that have given us our freedom and a productive ability beyond man's wildest dreams are threatened from within and without. If we cannot defend them—we, who know them so well—who can? And if we succeed, we will succeed so tremendously.

The best defense of these institutions is a sound and prosperous economy, which in turn depends upon wise individual actions by producers, by consumers, by business men and corporations, by their employees and neighbors. All of us in management face an exciting responsibility in passing on quickly and effectively and continuously the economic truths which we understand through personal experience. Success will not come overnight in this matter of changing men's minds and spirits. But let us not be discouraged. Let us not be discouraged, above all, from making the effort, for that is what we must answer for on judgment day.

Men who rose to responsible positions through Multiple Management give their own reactions to this remarkably successful management system. Their business biographies are included.

Junior Executives Take Stock of Their Work

By CHARLES P. McCORMICK

A CONTEST for the best letter on the advantages of being a Junior Executive Board member at McCormick & Company gave me an enlightened understanding of the attitudes of members towards their work. The winning letter was written by a young man who, within four years, worked himself up from a minor position to one of trust and responsibility. He is a charter member of the Junior Board, and I think his letter, which is representative of the ideas expressed by his colleagues, is well worth reading by everyone who is interested in Multiple Management. Here it is:

"To my mind, the greatest advantage presented to an ambitious young man by the Junior Board of Executive System is that it gives every young man in the business an opportunity to express his opinion on matters not of secondary nature, but the very problems that are of vital interest to the welfare of the company. This enables us to distinctly deviate from the old story of the conductor on the electric railroad who through his endless conversation tries to give the unfortunate bystander the impression that he knows more about running the railroad than the officers. Here, if you show just a glimmer of promise, you are elected to an organization or board which enables you to put forth your ideas, some of which may have real significance, and if approved by your fellow members are passed on for final approval by the directors. Now, if these ideas, resolutions, or whatever name they may be called, were merely tabled by the Senior Board and never heard from again, then the Junior Board for me would lack a great deal of its desirability. However, experience shows that without any exceptions all the recommendations made by the Junior Board to the Senior Board have been accepted, which does give a fellow a certain feeling of satisfaction that something really worthwhile is being accomplished and that he is something more than a glorified office boy or clerk waiting for his superior to die so that he may step into his place.

"Another thing, the Junior Board helps in more than one way to better prepare you to eventually fill your superior's position and at the same time have a better insight in the business which enables you not only to fill that immediate job but others. Through this channel you receive valuable information regarding the so-called inner facts of the organization that would take years to get otherwise. Because of this added knowledge, you take a greater interest in the business and try to grasp more threads which will help you to become of greater service. By the same token, the older men, realizing that you are striving to go ahead, take an even greater interest in you and materially help you on your way. This is demonstrated very distinctly by the interest our Senior Board members have shown in attending the meetings of the Junior Board where they have taken an active part and have brought many facts to the attention of this young and, as is the usual case with any board so comprised, more or less radically opinioned group. Sometimes we may lack the soberness of mature judgment, but that in turn may be good to help

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Charles P. McCormick, President of McCormick & Company in Baltimore — the firm which originated the system known as "Multiple Management" — has written a book, The Power of People, *to be published by Harper & Brothers. Herewith is a chapter from that book, printed by permission of the publishers.*

enliven the older group by seeing the reactions of younger men.

"Say what you will, the Junior Board gives a young man a certain feeling of self-confidence and, at times, a little self-satisfaction at having accomplished something. I realize that self-satisfaction in anything is bad, but in small doses it really does wonders for a fellow to think that in such a large organization as ours he has done small service not actually required of him in his daily work. This to my way of thinking is the spark that makes a person strive for even greater things which eventually, if not now, will be the lifeblood of the Company.

"There is always the competitive spirit associated with the Junior Board which makes it interesting. You constantly realize that there are other people striving for your place, and it is up to you to so produce as to stay there.

"The Junior Board has so many other features that to give them would require so much space and probably would become so boring that I prefer to sum them all up in one word, 'spirit.' I have never worked for any other company, but judging from the conversation of some of my friends who work elsewhere, I can readily see that our Junior Board gives its members a certain enthusiasm and desire of cooperation that is lacking elsewhere. This is the 'spirit' to which I refer and sincerely feel that the major portion of the success of any business is due to the cooperativeness of the people therein.

"The Junior Board is a step towards greater things and those that make the most creditable showing are the first to make additional strides."

Among the many other companies which have adopted Multiple Management, the Williamson Heater Company of Cincinnati has had one of the longest and most successful experiences. Recently, the executives of the Williamson Company (manufacturers of furnaces) asked me to come to Cincinnati to address a banquet commemorating the tenth anniversary of Multiple Management in their organization. What I said seemed to me less important than the things I heard from four men who had risen through Multiple Management to positions of responsibility in the Williamson organization.

I am reproducing here their remarks along with a brief biographical sketch of each one. Their views are typical reactions of young men who have caught the spirit of Multiple Management.

* * * * *

J. P. ("BUCK") FIELD

Rank-and-File Capacities

Stock Boy—Sheet Metal.....May, 1934—August, 1934
Order Picker—
Sheet Metal Fittings....August, 1934—December, 1934
Press and Shear Operator....January, 1935—June, 1935
Assembler Sheet
Metal Fittings.....June, 1935—December, 1935

Management Capacities

Assistant Foreman—
Castings Shipping.....January, 1936—December, 1936
Foreman—
Fittings Shipping.....January, 1937—December, 1937
Supervisor—Fittings
Production Control....January, 1938—December, 1938
Foreman—Fittings
Manufacturing.....January, 1939—February, 1940
General Superintendent—
Fittings Manufacturing....February, 1940—June, 1942
Fabricating Superintendent—
Armor Plate Division.....June, 1942—December, 1942
Manufacturing Superintendent—
Aircraft Division.....January, 1943—March, 1944
General Superintendent—
All steel fabrication....March, 1944—September, 1945
Resident Manager—Madison,
Indiana Plant.....September, 1945—March, 1947
Factory Manager—
Cincinnati Plant.....April, 1947—March, 1948
Sales Manager—
Sheet Metal Products.....April, 1948 to present

Board Service

Elected to Factory Board—Supply—still serving without interruption

Trustee

The Williamson Heater Company Employees' Trust—December, 1941—still serving

Present Age: 39

Before we get into the subject at hand, I'd like to ask you a question—what are the factors that determine teamwork? Whether it be football, baseball, basketball, or, yes, management teamwork, the answer is the same.

My first reaction, and I daresay yours, would be (using football as an example) the athletic director, the coaches, and the players; in short, people.

In my humble opinion there is little question on that point, but if we want to discuss good teamwork, there are a lot of factors that must be considered. There are the rules of the game to be considered, rules which the players as well as the coaches and athletic director must understand. There are the signals which must be understood. The player must know not only how to play his position, but must know the relation of his position to other positions. He must understand and be willing to do the things that will aid his teammates. He must understand and be willing to do the things that will

aid the team as a whole. Many times, when we sit in the stands and watch one of our favorites make a broken-field run, we are so occupied with our thoughts of the outcome of his run that we fail to recognize the teamwork that made this outstanding run possible.

And so it is with our management team. On many occasions we center our attention on the broken-field run and overlook the many elements that tend to build that all-important factor of teamwork.

Let me present this thought in another manner. Sometime when you have a spare moment close one eye and place a half dollar very close to and directly in front of the other eye. What do you see? All you can see is the half dollar. Now hold it at arm's length. What do you see? You see the half dollar, but you also see the people and you see other objects that together make the picture complete. Everything within the room now takes its rightful place. And so it must be with a team-spirited management.

Which brings me to the subject at hand: What has Multiple Management meant to me?

Participation in Multiple Management has enabled me to gain a greater knowledge of the over-all operation of our Company. It has given me a greater appreciation of our Company policies and of why it is necessary for management to do certain things in certain ways, speaking as an individual who has, with my fellow supervisors, initiated actions that later became policy and later yet came down through line organization for execution: I feel a personal responsibility for seeing that these policies succeed. I feel a personal responsibility for seeing that they are thoroughly explained to every individual who looks to me for leadership, and in a manner which will create understanding.

Participation in Multiple Management has enabled me to better put my thoughts into writing. It has given me a confidence and improved my ability to stand on my feet and put my thoughts into words.

Participation in Multiple Management has permitted me to gain a better understanding of my fellow men. I have had the opportunity to observe each and every one of my fellow supervisors in action. I am familiar with how each supervisor reacts to certain approaches and how he thinks on certain subjects. Knowing these things I am in a better position to work in harmony with them, and they, knowing these things about me, are in a better position to work in harmony with me.

Through participation in Multiple Management I have learned a greater respect for the older men and their varied experiences, and how they apply these experiences when approaching problems. I have also learned a greater respect for the younger men with their abundant energy, their initiative, and their drive, and I have lived with and seen the accomplishments that can be attained by combining the two as a team.

Participation in Multiple Management has given me the feeling of being a very definite part of something. I don't feel left out. I feel that my contributions are recognized and appreciated. I feel that I am a definite part of the management team.

Participation in Multiple Management has built within me that sense of partnership which I believe causes an individual to contribute not only because he feels it best, but because he derives a certain sense of satisfaction through that contribution. It has built within me a desire to know more about my job, more about my company, and more about our system of free enterprise. It has built within me a desire to know more about people, more about their likes, their dislikes, more about their peculiarities, more about their reaction to certain conditions and changes, and why they react as they do.

I would like very briefly to contrast the feelings I have just expressed to those which I experienced before participating in Multiple Management. When I was promoted to a foreman position, I knew very little about our Company other than the department I was to supervise, and speaking very frankly I didn't care to learn too much about the Company other than the knowledge I needed to supervise the department I had been assigned. When I approached a problem it was in the light of how my department and the people in it would be affected. When I considered taking action on a subject, I did not consider how it would affect other departments or the Company as a whole. I felt that I could run my department and that it was up to the other supervisors to run their respective departments. I did not offer assistance to other supervisors and I resented any helpful suggestions that were offered with respect to my department.

Need I say more about what Multiple Management has done for me?

J. P. FIELD

G. W. DENGES

Rank-and-File Capacities

Blueprint Boy.....June, 1926—March, 1927
Tracer.....April, 1927—August, 1928
Draftsman.....September, 1929—December, 1934

Management Capacities

Supervisor—Application Engineering Department
January, 1935—January, 1936

Forced Air Sales and
Service Engineer.....February, 1936—January, 1937
Manager—Air Conditioning and
Blower Division.....January, 1937—December, 1940
Sales and Engineering Representative—
Government Defense
Housing Projects.....January, 1941—May, 1942
Chief Inspector—Aircraft and Armor
Plate Divisions.....May, 1942—December, 1942
Manager—
Aircraft Division.....January, 1943—August, 1945
Manager—
Industrial Relations....August, 1945—December, 1946
Manager—Product Development and
Company representative on construction
of Indiana Plants.....January, 1947—January, 1948
General Sales Manager.....February, 1948 to present

Board Service

Elected to Junior Board December, 1938—served until December, 1946
Elected to Factory Board December, 1946—served until December, 1947
Elected to Senior Board December, 1947—still serving
Elected Vice-President April, 1946—still serving

Trustee

The Williamson Heater Company Employees' Trust—April, 1944—still serving

Present Age: 38

The subject "What Multiple Management Has Meant to Me" offers an excellent opportunity to present a case history of just what has happened to me since the inception of Multiple Management ten years ago. To do this, however, in my opinion would only reveal the results of Multiple Management, with which we are all familiar, whereas I believe the causes of these results are of far greater importance.

There are many benefits which I feel I have derived from Multiple Management, such as a broader knowledge of our own business and a better understanding of business problems in general. This knowledge makes it possible for me to view current problems not only as they might affect my own department, but also the effect on the business as a whole. In addition, this knowledge makes it possible for me to meet new friends and be in a position to discuss current business problems with some degree of confidence.

Multiple Management has also provided the opportunity to offer suggestions and express my views on policies and operations of the business. This opportunity requires me to give suggestions and ideas careful thought and consideration, as I know they are subjected to questioning and criticisms of many others. This promotes *thinking* and in addition gives me a feeling of self-satisfaction in being able to *say* what I *think*.

There are many other benefits which I attribute to my experience in participating in Multiple Management, but the one which I feel has meant the most to me is the training I have received in working with others and seeing just what can be accomplished by working together as a team, rather than as individuals. This training has given me a better understanding of people and a respect for their desires and feelings, not only in matters of business, but personal as well. It has taught me to be cautious in my judgment of others and offer constructive criticism only when I am convinced it is needed. It has taught me to seek the advice and opinions of others, as I have learned that there is a tremendous store of knowledge at our disposal if we will only use it. It has taught me to share whatever knowledge I have been able to acquire with others, as in so doing I know the team will be stronger. It has given me the spirit of teamwork and created a feeling of confidence in knowing that, regardless of the problems facing me, the team is ready and willing to help.

I am confident that through Multiple Management we are building a team that will be hard to beat, and in closing I say to you, Mr. McCormick, and to you, Mr. McGrath and Mr. Murphy, thanks for Multiple Management.

G. W. DENGES

R. L. HERRMANN

Rank-and-File Capacities

Blueprint Boy .....July, 1935—December, 1935
Heating Installation
Draftsman .....January, 1936—January, 1937
Clerk and Sales Correspondent—
Dealer Sales Dept. ....January, 1937—December, 1937

Management Capacities

Supervisor—Application Engineering
Department .....January, 1938—December, 1938
Assistant Sales Manager—Dealer
Sales Department .....January, 1939—April, 1942
Assistant Chief Engineer—
War Production .....May, 1942—June, 1944
Production Control Manager—
Aircraft Division .....June, 1944—July, 1945
Director—
Supervisory Training .....July, 1945—December, 1946
Manager—
Industrial Relations .....December, 1946—May, 1947
Controller .....May, 1947 to present

Board Service

Elected to Junior Board June, 1939—served until June, 1948
Elected to Factory Board June, 1948—still serving

Trustee

The Williamson Heater Company Employees' Trust—January 3, 1947—still serving

Present Age: 34

You know it is quite a task to try to cover in a few minutes just what Multiple Management has meant

to me. It is so entwined in my short business life that it is impossible to outline briefly or to enumerate the many things that this type of management has offered not only to me but to everyone of our supervisory group. It is my feeling that it is true not only of myself as an individual but that we as a group have been given many opportunities that do not normally fall to the lot of people like ourselves in the typical organizations of today.

You know management ideology is traditionally one of authority and the official leaders of any organization at all levels are normally expected to be bosses. That's what makes Multiple Management so different.

The very democratic pattern of leadership of Multiple Management requires the abandonment of this idea of one-way edict, the take-it-or-leave-it philosophy which seems to be the essence of bossing. As Mr. Kise remarked to me the other day, Multiple Management is a hard taskmaster—one that not only permits each of us to exercise our native ability to the fullest but also goes so far as to see that we take advantage of this permission and rewards us accordingly.

It calls to mind what St. Paul said in Second Corinthians—our hope is steadfast knowing that as we are partakers of the sufferings so shall we be also of the consolation. Multiple Management is a hard taskmaster —it forces us to keep on the ball but it also offers many consolations.

So if I were to attempt to point out the one greatest benefit that I have received from Multiple Management, I perhaps would choose something that has meant much to me personally, and if many of you will search your conscious and sub-conscious mind you will find, I believe, that it has meant much to you.

It is the measure of relief from the frustrations of vocal paralysis that I have felt through the increase in my vocality. Many of us, and particularly myself, are still not too logically articulate, but we can and do find the words and the ability to give voice to our thoughts regardless of the clarity with which they may or may not be expressed. The desire to talk is present in all of us and the lack of the feeling of freedom to express our thoughts is, I believe, responsible for many of the heartaches and social upheavals in our world today.

Multiple Management has not and cannot be expected to develop orators—impressive speakers. I don't think that is its intent but it has made it possible for me to express in somewhat of an understandable manner some of my ideas, hopes or desires, something that my very nature, prior to and during the early stages of Multiple Management in our company literally shrunk from or cried out against.

This release is a result of the knowledge I have been able to acquire from you, my friends—a knowledge that most persons will, yes, are most anxious to be of help to those of us who need help—that people are by nature and compulsion normally kind and considerate.

Multiple Management, like our republic, when worked at, when truly practiced so that each man or woman feels that he is truly a part, has truly a voice in its operations, has much to offer. It must, however, recognize not only the will of the majority but the needs and interest of the minority. It must not—to succeed—be guilty as some believe many governments have been and are, of being practiced autocratically or used as a front for the advancement of special interest in the guise of a democratic activity.

Yes, were I to point out the greatest personal good that I have gotten from Multiple Management, I believe I would say a better understanding of my fellow men and the resultant freedom of self-expression.

It is an approach, I believe, to one of the greatest needs of the world today—the advancement of our social skills, the ability to interpret the desires, hopes, ambitions, dreams, needs and dislikes of our fellow men; the art of conversation, if you please, and the improvement in the skills needed to direct these interests to the good of our group or country as a whole; essentially the ability to get along with each other, to realize that every human has individual likes and dislikes, and that he desires to be an individual and be treated and accepted as such. In the press of business these things are often overlooked. Our Multiple Management can be the means by which we are kept conscious of this need. It shows appreciation of the fact that a person can be different from ourselves but more important still it shows acceptance of his right to be different.

R. L. HERRMANN

GUS LEYTZE

Rank-and-File Capacities

Order Department Clerk .....March, 1924—June, 1926
Order Department
Senior Clerk .....June, 1926—May, 1928
Sales Service
Correspondent .....June, 1928—December, 1930

Management Capacities

Supervisor—Repair Parts Sales
and Service Dept.....January, 1931—December, 1935
Supervisor—
Order Department.....January, 1936—June, 1937

Manager—Mail Order Sales and Supervisor—
Order Department .....June, 1937—April, 1942
Manager Production Control—
War Production .....May, 1942—December, 1942
Manager—
Armor Plate Division.....January, 1943—May, 1944
General Factory Manager—
Cincinnati Plant .....June, 1944—March, 1947
General Works Manager—
all plants .....March, 1947—to date

Board Service

Elected to Junior Board December, 1938—served until June, 1942
Elected to Factory Board June, 1942—served until April, 1944
Elected to Senior Board April, 1944—still serving
Elected Vice-President April, 1946—still serving

Trustee

The Williamson Heater Company Employees' Trust—December, 1941 to April, 1944

Present Age: 46

The process of pooled judgment, whereby a group cooperatively develops pertinent facts and forms balanced conclusions is a technique which, when properly understood and utilized, can help to reconcile the divergent points of view inherent in many problems whether they are human problems or operating problems. That was the first thing I learned during my freshman term in Multiple Management on the Junior Board which began in 1938.

I learned that the presentation of the facts and the development of the spirit of the pooled judgment process are both fundamental to the ruling out of prejudice and bias. When varying points of view are adequately represented, it is usually possible to establish a common set of objectives. When the entire group is pointed toward these objectives, it becomes possible to explore the agreements and disagreements within the group and to expect that the discussion will henceforth revolve about the facts.

During this early experience I observed our group gradually learned to dispose of the problems of bias or prejudice of its own membership by reviewing the facts. After the group worked together for some time, lapses into bias became less and less frequent.

I think that, more than anything else, sold me on Multiple Management; I saw in it a vehicle for building cooperation and tolerance. No virtue brings a man more favorably to the attention of those around him than his willingness to pull his share of the load. When he withholds his cooperation, he at once becomes prominent for his negative attitude and he assuredly becomes unpopular if he allows intolerance to become a dominating characteristic.

I learned from my participation in Multiple Management Board activity five fundamentals for good job management, and over the years I have used them with (in my opinion) good success. Of course that's only one man's opinion.

The first of these fundamentals is "analysis," or the solving of problems. I learned that before any one can solve a problem of any kind, he needs to have a clear knowledge of the cause or causes of that problem. Otherwise his efforts to remedy the difficulty represent sheer guesswork. That's the manner in which the Boards approach their problems. That became number one of my five fundamentals for job management.

The second is "planning."

Knowing the cause or causes of the problem, the next step was to determine what could be done to eliminate these causes. Answering this question involved two things: Determining what to do, and deciding when, how and by whom it was to be done. So, planning was the second fundamental in which I should become proficient.

The third is "selling ideas." How effectively, for example, boards reacted to a recommendation depended in great measure on how well the members understood and how thoroughly they believed. I realized that I secured results only through my subordinates and as to how effective my plans were carried out depended on how convincing I could be and how well my subordinates believed in my plans. Therefore, selling ideas became third in my list.

Number four is "follow-through."

Despite the fact that sometimes it took longer to accomplish a task through the medium of a Multiple Management Board, I did recognize that as a result of follow-through or, if you prefer, follow-up, the job did get finished.

The fact that all people are reluctant to change existing habits, and resist new ideas makes it perfectly evident that even though you do the best job in the world of selling an idea or objective you must follow through promptly and consistently if you hope to get that objective realized. Follow-through makes a major contribution to results and is fourth in my list of fundamentals.

The fifth fundamental, "developing subordinates," really became important to me ten years ago when working with the Junior Board Sponsorship Program. In my opinion it is most important and is another fundamental in which every supervisor, executive, or manager should be skilled. I think it is one of the gravest weaknesses of industry in general and our own organization can do a far better job in this regard.

I have been privileged to serve on the Junior Board, Factory Board, Sales Board and the Senior Board and from each I have been able to add to my store of knowledge. One of the criticisms frequently leveled against Multiple Management or group thinking of any kind is the length of time it consumes. The chairman can do much to minimize waste of time and utilize the efforts of the group most effectively. He must be a good coordinator and cooperator. It is his responsibility to keep the issues clear and to center the discussion about them. Especially in discussions concerned with abstract matter, he should stress the objective elements as they are developed.

That I have benefited from my experience with Multiple Management is indisputable, but the reason I did, is, I believe, that it is a continuing, never-ending program, consistent as a rule, by which conduct may be guided. Like truly good planning, it will assure results if properly applied.

Can I say more as to what Multiple Management has done for me?

GUS LEYTZE

The essential principles of free enterprise are being violated by many companies within their own organization structures. Authoritarianism that deprives line executives, supervisors and workers of their initiative and the right to use their own good judgment is causing the same frustration of spontaneous productive energy within business organizations that unwarranted government restrictions cause in the economic system. Business management must adapt to its own affairs the methods of democratic organization which we have developed for our political institutions before it can release and direct the full productive energies of employees.

Democratic Principles in Business Management

By JAMES C. WORTHY

IN January 1948, *Fortune* published an editorial which said in part:

> ". . . the record of 1947 suggests that, given proper understanding of their own system, the American people might enter into a period of economic development making all previous standards as obsolete as the Model T Ford. In any case, it is time for a wholesale revaluation of values. For years many Americans and most Europeans have looked on socialism and planning as the wave of the future. Today it is possible to assert that American democratic capitalism is in fact the great forward experiment of our time, that while promising no cheap utopia it is itself utopian."

The editorial goes on to question how well Americans really understand their system, which it defines as one:

> ". . . wherein the 'hidden hand' of prices, costs, and profits does most of the job of allocating the country's resources and energies while government provides the indispensable framework for the release of private initiative."

The problems posed by this editorial deal largely with technical questions of fiscal policy and political questions of government control of business activity. The real problem, it seems to me, is much broader than this. Certainly, fiscal and political questions are important and must be dealt with intelligently. But in our concern for these matters, it is vital that we do not neglect the equally important questions of the internal organization and administration of business itself.

We hear a great deal, nowadays, about "free enterprise" and the "American Way of Life." The *Fortune* editorial is one of the more recent and more intelligent expression of these ideas—and ideals. Without doubt, one of the most remarkable facts of world history has been the achievements of democratic capitalism during the past 150 years, particularly in America. Without doubt, too, the basis of these achievements has been largely the release of creative, productive energies made possible by the freer political and economic institutions which have been characteristic of American society. These facts are widely recognized, and the defense of the "free enterprise system" is almost always couched in terms of its achievements and the self-evident advantages of free economic processes as opposed to stifling bureaucratic controls.

One of the acute ironies of modern times is that those who see most clearly the virtues of free enterprise, those who are quickest to leap to its defense, are too often those who fail to see the full implications of the system

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they are so anxious to preserve. It is easy for us in business to see the stifling effects of too much government control; what we often fail to see is that the essential principles we advocate for government apply equally to the internal organization and administration of our own business, and that the violation of these principles produces within business itself the same stifling results, the same frustration of spontaneous productive energy, that their violation in the larger field of government policy produces within the general economic system.

I should like to lay down this thesis: that the essential principles of free enterprise apply not only in the politico-economic sphere, but equally in the internal affairs of business enterprise itself. These principles must be adapted to this specialized field of action; obviously, they cannot be applied literally. Perhaps the greatest challenge of modern times is for creative business leadership which can develop within industry itself the methods of democratic organization and control which were worked out for the political state during the past 300 years.

Spontaneous Release of Energy

The essence of "free enterprise" is a system of economic and political organization which taps *spontaneously* the creative and productive resources of its citizens. Under conditions of small-scale enterprise, the "hidden hand" of prices, costs, and profits was a reasonably adequate means for accomplishing this spontaneous release of energy and for channelling it in socially desirable directions. We must recognize, however, that this "hidden hand," by itself, is quite inadequate for tapping any high percentage of the productive energies of a nation when the greater part of its workers are no longer independent enterprisers but are employees of larger corporate entities and, therefore, not directly subject to the stimulus and control of the economic processes of the market.

Business management must develop within its own organization structure a system of stimulation and control which will be as effective in releasing and directing the productive energies of individuals and groups as the "hidden hand" of prices, costs, and profits has been in releasing and directing the efforts of corporate enterprises.

One thing is clear at the outset: the method of prices, costs, and profits can be literally applied to only a very limited extent *within* business organizations with any effective results. Perhaps the most ambitious effort in this direction to date has been the wide extension of incentive compensation. While this effort has achieved a certain amount of success, it has fallen far short of accomplishing any significant over-all increase in worker productivity, and even such increases as it has achieved have often been accompanied by new and unforeseen complications which have made the system far from an unmixed blessing.

The chief weakness of financial incentives within business is that they represent an attempt to appeal to workers primarily in economic terms and by the use of concepts which are meaningful to the businessman because they reflect his ways of thinking but which have little significance to workers who are accustomed to acting in accordance with a somewhat different scale of values. The experience of business with incentive methods of compensation makes it evident that management must develop far more effective means than have thus far been developed for releasing and directing the productive energies of those who comprise business organizations.

The problem with which we are dealing here is one of *efficiency,* the efficient utilization of resources, both human and material. The efficiency of an engine is measured by the ratio of energy output to the potential energy contained in the fuel it consumes. In the same way, the efficiency of an economic system must be measured by the ratio of productive results to potential productive energies. On this basis, we must concede our economic system, for all its undoubted achievements, is operating at a low level of efficiency. An article by Bernard Haldane in the *Harvard Business Review* for Autumn 1947 contains the following challenging statement:

> "Leading authorities in the field of occupational psychology have frequently pointed out that most people are nowhere near a hundred percent efficient at their jobs. Carroll L. Shartle . . . puts the typical figure at thirty percent efficiency. It is relatively rare, he says, for men and women to produce the results they might obtain if their talents were more effectively organized."

Despite its superb accomplishments, the American economic system, by this measure, still has a long way to go. It is useless to blame this situation on scapegoats. A much more realistic and profitable approach would be to seek out the fundamental causes and devise remedies which will get at the root of the problem.

Mechanical Point of View

One of the serious stumbling blocks to effective human organization is a deep-seated attitude of mind characteristic of our times. The physical scientist and

the engineer have exercised a profound influence not only on the outward aspects of modern life but on our inward thought processes as well. Among other things, they have strongly influenced our thinking about problems of organization and human relations. The transference of their mode of thought to a field for which it was never designed has badly distorted our apprehension of our problems and seriously misdirected our efforts to deal with them.

If we consider closely our generally accepted theories of organization, we cannot help but note a curious parallel to the machine. Actually, our ideal of an effective organization is a "smoothly running machine," an organization in which all parts function smoothly, with a minimum of friction and a maximum economy of effort. Each component is carefully designed for its particular task, and the whole responds automatically to the touch of the operator's hand.

Our very phraseology employs mechanical images. Organization charts are frequently referred to as "blue prints." A common argument for the use of psychological tests cites the care with which machines are selected to insure their suitability for the task at hand and urges that people be selected and placed with at least equal attention to their abilities and capacities. "Management engineering" and "human engineering" have become important and respected professions. All our thinking about organization displays a strongly mechanical turn of mind.

I submit that the nature of human organization cannot be properly apprehended in terms of mechanistic concepts. The machine and its component parts have only one purpose, that for which the engineer designed them. The purpose of a human organization, whether business or otherwise, can only be defined in terms of the people in it, because unlike the component parts of a machine the people who comprise a human organization are something more than just parts of that organization. They are flesh-and-blood men and women, with sentiments, ambitions and needs of their own which range far beyond the confines of the organization of which they may be a part, and the extent to which they serve the needs of the organization willingly and enthusiastically depends upon the extent to which the organization serves their needs as sentient, aspiring human beings.

Parallel Between Business and Government

Viewed in these terms, the problems of economic organization and administration have a close parallel to problems of political organization and administration. In politics, we are all familiar with the ideas of the democratic and the authoritarian state. Despite our unshakeable faith in the superiority of democracy as a form of civil government, a great many managements apply strictly authoritarian principles in the administration of their business affairs, under the sadly mistaken notion that business and political life are two different orders of things. Actually, the two institutions, business and government, are closely similar in their most essential aspect: the fact that both are organizations of human beings and that both depend, in the long run, on the creative intelligence and effort and on the voluntary support and acceptance of the people who comprise them.

One of the great paradoxes of our society is that we have failed to apply to the internal affairs of our businesses the principles we all recognize, when applied to political organization, as largely responsible for the tremendous growth in national wealth and the superb social progress our nation has enjoyed.

Many businesses closely resemble the authoritarian state in the sense that all direction, all thinking, all authority tends to flow from the top down. While the top administrator may delegate certain parts of his responsibility and authority, the delegation is largely in terms of those at lower levels of the organization merely implementing and effectuating policies and directives which have already been set up. While the over-all directive may be broken down into a series of parts and parcelled out to different people, and while these people may be expected to show initiative, drive and judgment in executing their work, their activity is essentially that of merely carrying out an order.

To make such an organization work, management is forced to set up a rigorous system of controls to see that things get done and to insure that people do not make too many mistakes in carrying out their orders. In other words, a minimum of reliance is placed on the people in the organization, and the system depends primarily on the initiative and judgment of those at the top.

A corollary to this tendency is the elaboration of staff organizations, because if the exercise of judgment and skill is largely reserved to top administrators, they must be assisted by specialized advisory staffs. The result is a further extension of the system of controls through the efforts of the staff departments, as well as a considerable complication of the organization structure, thus leading to the necessity for more controls to hold the whole organization together and make it work. At the same time, because of the necessity for

operating the controls and because people at each successive level must be closely supervised and directed in their work, the supervisory hierarchy becomes more and more extended.

Effect of Control From the Top

What are some of the implications of this situation in terms of the people in the organization? Staff specialists (including personnel executives) are likely to have a deep-seated feeling that supervisors can't be trusted to use good judgment at all times (and by "good judgment" they are likely to mean what they would do under particular circumstances). Therefore, they feel impelled to establish precise rules to govern every contingency, or to appropriate broad areas of responsibility from line supervision and vest them in their own departments—all for the purpose of guarding against the possibility of supervisors or line executives making mistakes.

Certainly, some broad framework of policy is necessary within which the supervisor should be required to work, but the tendency has been to substitute an elaborate system of bureaucratic controls for the good judgment which should arise from the supervisor's own intimate knowledge of immediate situations. Even more serious is the effect of such minute controls in undermining the initiative and judgment of supervisors, so that ultimately their judgment really cannot be trusted because they have never had an opportunity to use it.

What is the effect of this elaborate system of supervision and control on rank-and-file workers? I refer you to the frequent and bitter complaints of management itself over the apathy of employees, their lack of initiative, their lack of interest in the affairs and problems of the enterprise, their antagonism to management, and so on and so forth. Rather than blame this state of affairs on agitators, or on faults in the educational system, or on errors in family methods of raising children, many managements need only look within their own organizations.

In effect, all many organizations demand of their lower-level employes is their animal energies, their muscle power. They have done everything possible—through too close supervision, through time and motion studies, through breaking jobs down into their simplest possible elements, and so on—to take all judgment from the operator, to relieve him of all initiative, to reduce his work to the lowest possible repetitive mechanical level. These efforts are usually justified in terms of the supposedly greater efficiency which can come from shorter training time, ability to use less skilled people, and the greater proficiency which can come from repetition of simple movements and operations. Granted all this, but how much does industry lose in depriving the worker of all creative relation to his job? I hazard the guess that industry has lost far more than it has gained.

Rank-and-File Attitude

One supremely important result of this process has been to destroy the meaning of the job for the worker—the meaning, that is, in all terms except the pay envelope. It has had the equally important effect of seriously undermining the confidence of workers in management, and because they are restless and discontented they are easily subject to strong leadership which may arise in opposition to management. Their jobs have made so few demands on their higher faculties, they have had so little opportunity to think, to take initiative, to make their own contribution to the improvement of their jobs, that when aggressive anti-management leadership arrives, promising workers a kind of freedom that management has not provided, they readily respond. Without question, one of the great appeals of unions is the promise of giving workers a more effective voice in matters that affect their jobs, the promise that workers no longer have to do just what they are told, that they can stand up and be men, not merely draft animals or machines.

A further and exceedingly serious consequence of the authoritarian system of administration is its tendency to inhibit the adaptiveness and problem-solving ability of the organization. Because judgment and initiative flow from the top down and because of elaborate systems of supervision and control, those at the lower levels gradually lose their ability to solve the problems which confront them and their capacity to adapt to new situations. The processes of adaptation and problem-solving thus tend to move to higher levels in the organization. As problems become more complex—often because they have been incompletely solved—corrective action must be taken at higher and higher levels and eventually must be dealt with at the top of the management hierarchy.

But this upward movement does not stop even at the top of the organization. In many cases, it tends to move right out of the organization itself to the level of the trade association or its equivalent, and from there often keeps right on moving until it comes to rest at the governmental level. This upward movement of the problem-solving process is a significant characteristic of management today. It is particularly ap-

parent in the field of collective bargaining, where the President of the United States is frequently forced to intervene personally in disputes between workers and employers. Because problems have not been handled effectively at their point of origin—usually at the lower levels of individual business—they have moved higher and higher and have become more and more complex until they can be dealt with only at the highest levels of the national government.

Management, of course, is bitterly resentful of this gradual encroachment of government into business affairs. But management itself must bear a large part of the responsibility for this tendency because by its policies and its methods of administration it has stifled the adaptiveness and problem-solving ability of its own organizations, and because it has created within itself an internal system of bureaucratic control that is fully as deadly for productive efficiency as governmental bureaucracies.

Strengthen Free Enterprise in the Work Place

We in management are greatly concerned about the preservation of "free enterprise" and the "American Way of Life." In a real sense, much of our problem is this: We cannot preserve "free enterprise" as an economic system unless we adapt its fundamentals to the internal operation and administration of our own businesses. We cannot preserve "free enterprise" in the market place unless we strengthen it in the work place —unless we extend to our business structures the democratic ideals we take for granted in our political structures.

Obviously, this is no easy task. Political institutions cannot be taken over intact by business. Business cannot be run by the ballot box or by a Congress. These were inventions to solve the problem of effective participation by the citizenry in the affairs of their governments. We must develop other inventions, adapted to the special circumstances of business, which will give to employees at all levels of our economic organization a greater sense of personal participation, a greater sense of belonging, a greater sense of dignity and recognition for their worth as individuals and as respected members of the industrial community.

I cannot lay down a formula for accomplishing these ends. However, I should like to suggest a frame of reference which can serve as guideposts. Actually, we have ready at hand, as a deeply ingrained part of our thinking, the ideas which can motivate our efforts. These are simply the ideals of the democratic society, ideals which are fundamental elements of our culture and universally accepted by management and workers alike.

These ideals are usually expressed in terms of rights —the very word "rights" implying their essentially moral and ethical nature. For our present purposes, we may summarize some of the more significant of these rights as follows:

1. The right of every man to be treated as an individual and respected as a person;
2. The right of every man to a voice in his own affairs, which includes his right to contribute to the best of his ability in the solution of common problems;
3. The right of every man to recognition for his contribution to the common good;
4. The right of every man to develop and make use of his highest capacities;
5. The right of every man to fairness and justice in all his relations with his fellows and superiors.

These democratic ideals are not platitudes but actual working principles of effective human organization. Their validity has been proved over and over again, both in our historical experience and in modern research in the social sciences. These ideals, in fact, are at the very basis of the "free enterprise system" and are responsible for much of the achievements of that system.

In our own company, in cooperation with the University of Chicago and a consulting psychologist, we have conducted extensive research into the nature of effective organization and the factors which make for cooperation in human relations. Throughout all this research, we have been impressed with the extent to which the fundamental notions of our democratic society have been validated.

For example, we have been impressed with the number of times the notions of participation, human dignity, freedom to speak one's piece, and the right to advance on one's own merits have proved crucial factors in the maintenance of high levels of teamwork and cooperation. These are not merely ideals; they are working principles on how to live and work in a free society.

Another thing we have learned is that an organization with an extensively developed supervisory hierarchy is more rigid, less adaptive, and less satisfying to the employees involved than a "flat" organization which places considerable responsibility on the individual and keeps supervision and formal controls at a minimum. In an organization where there are many layers of supervision, employees feel restricted, con-

trolled and policed. There is little opportunity for creative effort and the development of ideas. In an organization with fewer layers of supervision and fewer controls, there tends to be higher morale, better feeling, more creative effort, infinitely greater adaptability and flexibility, and a higher development of cooperation between employees and management. I hardly need point out that this latter type of organization more nearly approximates the democratic ideal than the former.

Our System Must Work Effectively

If we are concerned with the preservation of "free enterprise" in America and freedom in the world, we must strengthen it by extending its principles more effectively to the internal organization and administration of our own businesses. Democracy and the "American Way" cannot be preserved by exhortation or by slick advertising and propaganda campaigns. First of all, the system must continue to work effectively. It cannot do that for long unless it does a better job of tapping the creative resources, ability, and productivity of its individual members. The thirty percent of capacity at which the average employee is now working is not sufficient to maintain the system in the face of the demands being placed upon it.

In the second place, the system must retain the spontaneous loyalty and acceptance of the great masses of the American people, most of whom are members of the system in the capacity of employees. Loyalty cannot be bought—nor sold to people in the same way we sell toothpaste. Attitudes, including attitudes toward management, are largely a product of experience. If the worker's experience on the job causes him to dislike and distrust management, no amount of "education" will change his feelings or behavior.

In a sense, the problem is one of management leadership. If management is to retain its leadership position in American life—and not lose it as European managements have done—it must develop a higher order of administrative skill. This skill, to be successful in our kind of society, must be developed along democratic rather than authoritarian lines, in accord with the deep-seated sentiments and ideals of the American people. Much of management's present difficulty is directly traceable to its failure to organize and administer its business affairs in accordance with these sentiments and ideals.

The preservation of managerial leadership will require the creative thinking and intelligent action of management men throughout business and industry. The work of industrial management schools is a start in that direction and an encouraging omen for the future. It is my earnest hope that further efforts will be made in this direction, particularly through closer cooperation between business and the universities.

The challenge we are facing is no less than the preservation of all the things we value highest as Americans. If we can meet this challenge successfully, if we can develop ways and means for applying the democratic ideals more effectively within business itself, we will not only preserve our system but we can confidently expect a release of creative and productive energies which can be as great as those released by the rise of democratic states during the eighteenth and nineteenth centuries.

In closing, I would like to return to the *Fortune* editorial with which I began and to quote, as my conclusion, the final paragraph of that statement. I should like you to view this paragraph, however, in the somewhat broader form of reference I have tried to set forth:

> "To the degree that Americans are clear about their system and insist on its fundamentals they will remain productively strong at home and able to discharge their immense responsibilities abroad. The stakes are large and the outcome by no means guaranteed. The United States began as a unique experiment. The experiment never ends. But it is safe to say there never has been a time when success of the American idea meant more to free men everywhere."

Seven criteria for group effectiveness are suggested, which may be used in taking an inventory of a company's human assets as the first step toward achieving psychological organization unity.

Criteria for Organization Unity

By J. WATSON WILSON

AFTER a dozen years of marriage, Mr. and Mrs. A feel only antagonism and have only harsh words for each other. They stay away from home as much as possible. They prefer outside company to each other's. Their child has developed a nervous disorder which has been diagnosed as having a psychological basis. Mr. A's frustrations are reflected in his attitudes toward his job with the result that he fears he will be fired. Mrs. A gets away from it all by drinking heavily.

What Mr. and Mrs. A are doing *to* and *for* each other is obvious. As husband and wife, they no longer have common purposes which each is willing to serve. Communications between them are becoming increasingly restricted because they "no longer speak the same language." The unity of this home currently is maintained on a purely legal basis. Psychologically, it is no longer an organization.

The organizational problems of business groups, like the organizational problems of this family, are usually human or psychological. Whether the company problems are problems of production or sales or engineering or finance, they have human dimensions. Business problems, pushed back to basic fundamentals, are rooted in human judgments, human actions, interests, and attitudes. Only people have problems; only people solve problems.

Many managers feel inadequately prepared to reckon with the human problems of business. The executive's education in school or college, like his training and experience in industry, has been focused primarily on things, *not people*. In all probability, he was promoted to a managerial position primarily because of his technical know-how. The minute he became an executive, regardless of his level of executive activity, a new behavior pattern was demanded. Now his main problems are human ones. An able, young executive, who has successfully made the transition, recently said, "The executive who has his desk piled high with technical details is neglecting his major job—his people."

The transition from being a doer to becoming a supervisor of the doing of others requires that the individual view himself and his work differently. It also requires that his associates alter their conception of him and his work. Unless he changes his attitude toward himself, unless he realizes that the human problems with which he must deal cannot be put into file baskets, he will remain a detail man. Unless his associates gain new insight into him and his job, they will continue to feed detail to him.

Some of the most important human problems with which the manager must deal are organizational ones. At the executive level, this is primarily the job of organizing people rather than work. It is the problem of developing, on the part of all key personnel, common purposes and the desire to serve these purposes, of providing means for effective communications, of formulating an adequate organizational pattern, and of developing individuals who are competent to make sound judgments, to initiate effective action, and to work with others.

This suggests that a business organization, like a family, is a psychological phenomenon. Organizations, like attitudes, cannot be legislated but must be developed. Feelings, rather than rules, distinguish successful organizations from unsuccessful ones. In the absence of enough *esprit de corps,* an organization as a psychological unit does not exist. Just as mutual respect and cooperation are not purchased with the marriage license, so a business organization is not brought about by fiat.

Recognizing that a business organization, like a family, is a psychological entity, it should be possible

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to establish specific criteria by which group effectiveness can be evaluated. Toward this end, seven criteria are suggested. They were arrived at by studying both effective and ineffective organizations, by analyzing the similarities of successful and unsuccessful groups and the differences between these two. They have been tried in a variety of organizational situations. They are offered as a way of analyzing and describing group behavior. Their purpose is to aid in directing attention toward the fundamental psychological problems which may exist in any organization. They have proved a useful tool in the prediction of group behavior and company success.

The manager who would inventory his organizational assets, who would view tomorrow's problems today, who would predict productivity or financial success should weigh each of these questions with respect to his own company:

1. What are people doing *to* each other.
2. What are people doing *for* each other?
3. Do members of the group have common purposes?
4. How willing are individuals to serve these common purposes?
5. Do the individuals communicate effectively?
6. How adequate is the organizational pattern?
7. Are members of the group personally competent to make sound judgments, to initiate effective action, and to work with others on a basis of mutuality?

In answering each question, the manager must keep in mind that each criterion has qualitative, even more than quantitative, dimensions. For example, persons do certain kinds of things to each other as well as degrees of things. Only if what they do is both positive and significant in degree does it contribute to the unity of the group.

1. *What do people do to each other?*

The head of a company, for example, wants to make all the decisions. He hires well trained and capable men whom he criticizes and harasses constantly. He is sarcastic, ridicules his associates in public, reverses their decisions without notice, breaks his promises to them, and motivates them solely with threats. Psychologically, his company is in a state of disorganization. It is losing both key executives and money.

In contrast is the executive who plans with his key people, who listens analytically, who is as quick with his praise as he is with his criticism, who constantly seeks advice and criticism from his associates. His organization is based on give-and-take. What he and his group do *to* each other is positive, significant, and constructive. His group has unity.

2. *What do people do for each other?*

In this area, the sins are usually sins of omission rather than sins of commission. The situation in a prominent church is a case in point. The church has a long history, a sizable endowment, a beautiful meeting house, a competent professional staff. Yet this church has little real unity. Each Sunday morning the members of the congregation file into their own pews. If they speak to those around them, it is with a cool nod. The nod is cool because most of the congregation do not see each other except for that single hour on Sunday morning. (Only infrequently do they participate in week-day church activities.) After the sermon, they file out as coolly as they filed in. The members do almost nothing *for* each other.

This sort of lethargy is as common in business as it is in fraternal, religious or family groups. Members of the managerial team have private offices instead of pews. Their days are filled with dictation, or conferences with "outsiders." They are preoccupied with their own problems and interests. What individual members of the team do *for* each other isn't "bad," but it isn't "good" either.

3. *Do members of the group have common purposes?*

Too often in business organizations key executives work at cross purposes. The comptroller, for example, frequently does not want to spend a dime unless he can see where the company is going to get several dimes in return. The research director, on the other hand, often wants to spend thousands of dollars simply in the hope that one day his research may result in new products or processes.

Equally divergent in many cases are the interests of the production department and the sales department. The salesman identifies himself with the customer, with the result that he wishes the company to produce what the customer wants—even to the point of catering to the customer without regard for the problems of the company. On the other hand, the production department wants the salesman to sell what is produced regardless of the needs or, as they often think, whims of the customer.

In situations such as these are the seeds of organizational frustration. Unless such divergent group thinking is pushed back to basic fundamentals, and unless common purposes are identified, the comptroller and the research director are likely to be on different teams as

are the salesman and the production man. These special interests may become so divergent that some may question whether they are even playing the same game.

Group solidarity demands enduring purposes and goals. In 1944, to take one example, an eminent psychologist indirectly predicted the present difficulties in the United Nations. He raised the question whether the common purposes of the major allied nations were sufficiently basic and enduring to make post-war cooperation as vital and burning an issue as was cooperation during the war. During the war, the nations had common purposes. Since the war, there has been a noticeable lack of common purposes. The oneness of purpose which bound nations together psychologically has disappeared.

4. *How willing are the individuals to serve the common purposes?*

The executive who is always willing to "let Joe do it," or the department head who substitutes criticism for constructive action, or the lethargic supervisor who knows what should be done but never seems to get around to doing it, or the fellow who hides behind company departmentalization and insists that the job belongs in some other section — these industrial characters are all too common. They are illustrative of those team members who talk common purposes but behave in a manner which discourages the development of a closely knit organization.

When it comes to serving, executives have even been observed to become ill rather than to face realistically their role in the group action demanded. Adult forms of temper tantrums, pouting and the like are not uncommon.

In contrast to individuals and groups of this kind is a small New England company where departmental lines are almost non-existent, where actions rather than verbal criticisms or alibis are the rule. The executives in this company follow thinking with acting. Once a common policy has been determined each man, in his own way, raises and answers the question: What can *I* do about it? Whether the problems are problems of finance or research, production or sales, personnel or materials, the key executives *act* as a team. They do little that similar companies do not do, but they do it with a common willingness which makes the company unusual in its field. They are even admired by their competitors who have been heard to remark: "Those boys really get things done." In this company, as in many others, this uniform *willingness to serve* common purposes makes group lethargy impossible.

5. *Do they communicate effectively?*

The problem of communication is more than a problem of having a common language or of having adequate avenues for communicative purposes. Obviously, if people do not use the same language, communications are thwarted. Similarly, if adequate means of communication are not provided, the development of a sound organization is equally impossible.

The more subtle, psychological deterrent to adequate communications is the inability of some individuals to discuss problems from a company rather than a departmental point of view.

Some months ago a group of department heads met to discuss a common problem. They announced their willingness to serve common purposes, but they completely failed to agree on an acceptable plan for action. More by accident than design, a psychologist who knew none of the men was brought into the meeting about half-an-hour before lunch time. Since the discussion was hot and heavy, introductions were postponed until the group broke up for lunch. The scene which followed proved dramatic. As the psychologist was introduced around the table, he was able to identify each man's departmental affiliation. Here was a case where salesmen, engineers and production men simply did not "talk the same language."

Effective communication demands that each member of the team develop the ability to look at general problems from a company rather than a departmental point of view. Each must learn to think in over-all terms rather than in terms of his particular vested interests. Each must, for communicative purposes, identify himself with the company rather than with his particular segment of it.

The small New England company is again illustrative. This organization functions as a "committee of the whole." Their daily luncheon is a company forum for the discussion of policies and plans. Out of this and other forms of "group" thinking comes oneness of thought and action. Each individual identifies himself with the over-all goals of the company because he had a voice in establishing them.

6. *How adequate is the organizational pattern?*

The psychological organization of a company cannot be put down on a chart. Common purposes, human attitudes, mutuality, willingness—the stuff of which the psychological organization is made — cannot be diagrammed. Nonetheless, executive functions, like factory jobs, must be adequately defined. Lines of authority and responsibility must be determined and respected. The plant manager who reported to both the president and the vice president in charge of manufacturing (even though the chart indicated that he reported only to the

latter) was probably doomed to failure. The odds were against the district manager who had responsibility for the work but little or no authority over the persons who did the work.

The sound organizational plan takes note of the over-all job to be done and the human abilities available to do the job. Particularly at the management level, but at all levels to a degree, neither jobs nor people are rigid. Just as a pie can be cut to suit the appetites of the eaters, so the over-all function of a company can be allocated to suit the abilities of the executive personnel available. Job analysis at the top, although quite uncommon, is even more important than it is at the bottom. It is also more difficult because such analysis must deal with the human assets and liabilities as well as job functions. When this has been done, individuals can make their greatest contribution to the organization as a whole. When this has been successfully accomplished, the organizational pattern is adequate. Only then does the pattern contribute positively to a psychologically sound organization.

7. Are people personally competent?

Any criteria which ignored the individual competency of the persons making up the organization would be inadequate. It is suggested that individual competency of executives be judged in terms of three fundamental managerial activities: (1) making judgments, (2) initiating action, and (3) handling human relationships.

If judging, acting, and working with others are the important managerial activities, as is suggested, then executive and supervisory personnel should be judged on the basis of their skill in performing them—*all* of them. A few cases may illustrate why the *all* is so important.

A chief chemist is an unusually able man from an intellectual point of view. He has a high I.Q. He weighs all aspects of a problem before arriving at a decision. His judgments are unusually sound. *But,* he is a submissive personality who lacks the courage of his convictions. He is a withdrawing person who plays the role of a spectator in human relationship situations. Although he makes sound judgments, the impact which he makes on the group thinking and acting is limited by his hesitancy to act and his ineffectiveness in working with others.

An executive vice president is a hail-fellow-well-met. The union stewards, the department heads, and other vice presidents all like him as a person. He'd give you the shirt off his back. Further, he is a man of action. *But,* he's a man of limited intellectual ability, whose judgments are often unsound. In his impulsive manner, he commits his associates to impossible contracts. The impact which he makes on group thinking and acting is sizable, but it is often inappropriate and disconcerting. Despite his outgoing personality, his organization is beginning to weaken at the seams.

The general manager is a man of action. He is a practical sort of thinker whose judgments are operational. He's expert in thinking up ways of implementing his judgments with dynamic action. He's a real doer. *But,* he's an individualist. He acts as an individual and not as a member of a team. Like any executive who barges out on his own, he frequently gets into trouble. When this happens, other members of the team turn their backs on him — psychologically speaking. His aggressive individualism limits his personal effectiveness and is an organizational liability.

These men all have executive skill. Because their skills in certain executive activities were underdeveloped, and because they had certain personal blind spots, they habitually behaved in a manner which jeopardized the organizational unity of their respective companies.

Luckily for the organizations of which these men are a part, all of them are currently engaged in developing their executive skills on a broad front. With appropriate psychological assistance, these men are developing deep insight into their own assets and liabilities. They are learning to use the former to compensate for the latter. Through self-analysis, through pertinent reading, and through psychological counsel, they are learning the "whys" of their own behavior and are establishing new behavior patterns for themselves. The chemist is developing his skill in initiating action and is improving his relations with his associates. The executive vice president is learning to rely on the judgments of others and to overcome his impulsiveness. The general manager is developing his social skill and learning to work as a member of a team rather than as an individual.

The development of these three managerial skills is essentially an individual matter, but a psychologically sound organization is developed through *group* thought and action.

The major assets of a company are its human assets —especially at the managerial level. Many companies believe that these assets, like their financial or physical assets, can and should be inventoried periodically, both on an individual and group basis. Taking an inventory is only the preliminary step toward achieving the psychological unity requisite to progress. It is a requirement for the fullest utilization and the maximum development of these human assets.

To get out a certain quantity of work, of a prescribed quality, within a given time, at an allowable cost, managers on every level are obliged to give orders. For the purpose of reconciling this need with workers' growing attitude of independence, six points of a successful order-giving technique are here set forth, together with recommendations for following up an order.

Giving Orders

By W. L. HUNG

IRRESPECTIVE of what a man's management title might be—whether he is a president, a vice president, a superintendent, or a department head or a section manager or a foreman—he has a certain goal or result for which he is responsible. In general terms, that goal or result is to get out a certain quantity of work, of a prescribed quality, within a given time, and at an allowable cost. His present and future value to his company is judged chiefly by his ability to meet or exceed his goal.

He cannot, alone and unaided, meet his quality, quantity, time, and cost goal. If it were possible for him to work twenty-four hours a day, three hundred and sixty-five days a year, he would still fail to meet his goal. He must depend upon those who actually do the work.

When a man's present and future depend upon the performance of other men, he has to get things done, and done right and on time.

In order to accomplish these things, he has to "give orders."

At the same time, the world in general and the business world in particular in which he gives orders have changed, and are still changing.

Political events and developments, the emergence of organized labor as a political force, the political emphasis on security, freedom from want, freedom from fear, are all changing the world in which he gives orders. Economic events and developments, mechanization, business cycles, the much wider distribution of information about business operations and business finances, the reaction of men to their status of economic dependency, are changing it. The protection thrown about men by such laws as the old Wagner Act, the Taft-Hartley Act, the Fair Labor Standards Act, the Norris-LaGuardia Anti-Injunction Act, the so-called "Little Wagner Acts" of various states, the various fair employment practices laws of many states and the decisions and rulings of the numerous quasi-judicial agencies and boards charged with the administration of this mass of labor legislation are changing the world in which he gives orders. The wide-spread association of workers in labor unions is changing it. Collective bargaining, labor contracts, shop stewards, grievance committees, arbitrators and impartial umpires are changing it.

As a result of these political, economic, legal and collective action events and developments, the attitude of employees has changed and is still changing. Their attitude reflects the political, social and economic ideals and slogans which have been dramatized and propagandized; reflects the protective blanket spread over them by the law; reflects their association in labor organizations; reflects their desire for security, higher living standards, a voice in decisions which vitally affect them, and their desire for personal freedom and status.

Changed Worker Attitude

I have had first-hand experience with this changed worker attitude.

I recall, for example, sitting in the office of the

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manufacturing vice president of a large and nationally known manufacturing company when an old employee came to his office to see him. "You know, Mr. B.," she said, "you have some men out in the plant who aren't doing you any good. The people out there have heard a lot about the dignity of labor, the importance of the human personality, and the four freedoms. Maybe you think they don't pay any attention to that sort of thing, but they do. They may not understand it all, but they understand enough of it to think they are entitled to more respect and consideration than they are getting from some of your department heads."

What that employee had to say was an eye-opener to me as well as to the vice president. Yet, the employee who said it was a level-headed, intelligent, cooperative worker. She was no agitator, no trouble maker. In fifteen years of service with the company she had never once displayed the slightest tinge of "red" in her make-up. What she said is worth thinking about.

You may or may not approve of the high-sounding political, social, and economic ideals, ideas, and slogans which workers are reading and hearing today. Approval or disapproval is of little consequence because, as I have pointed out, these ideals, ideas, and slogans constitute intellectual experiences over which you have no control. But irrespective of whether you approve or disapprove of them, you would be wise to recognize that these ideals, ideas and slogans are influencing the thinking and attitude of workers.

They are influencing worker thinking and attitude in ways that are important to every member of management from president down to foreman because the thinking and attitude to which they are giving rise conditions the kind of management which makes for successful human relations in business.

Today workers resent the exercise of personal authority over them. They resent the idea that another person who, by reason of his position in a company, can, by word or act, affect their present or future security. They resent the idea that one person can order another person to do or not do something.

Getting Things Done

And yet, management has to get things done. Men who have management responsibilities have to "give orders" because they have to get out a given quantity of work, of a prescribed quality, within a given time, and at an allowable cost.

It would be naive to pretend that the job of getting things done is easy today. Your daily newspaper is too full of stories of "slow-downs," output limitations, work stoppages, and the hundred-and-one evidences of friction in human relations in business. But why go so far afield in seeking evidence of the difficulty of getting things done today? You probably are saying, "You're telling me." On the other hand, men obviously have found ways of reckoning with the workers' changed attitude and, at the same time, getting things done. I know many management men who have successfully reconciled the two, and are continuing to do so month in and month out. Perhaps I can help you either to reckon with workers' changed attitude and, at the same time, get done the things which must be done if you are to meet your management responsibilities, or to train other management men to do these things.

The most important single thing to bear in mind about "giving orders" is this—an order is a means to an end. To put it another way, an order is given to a man because it is necessary or desirable to bring about certain results. It is the results that are important. Thus, the most successful order is the one that produces most fully the desired results.

Looking at the business of "giving orders" in that light—thinking of an order in terms of results to be obtained—two things become fairly obvious. The first is that the desired results can be obtained from an order only if the man to whom the order is given has the ability to carry it out. The second is that the best results will be gotten from an order when the man carries it out willingly.

Starting with these facts, first, that an order is given for the purpose of bringing about a predetermined result and, second, that the result will be produced most fully when the man to whom the order is issued is both able and willing to carry it out, the outline of a successful technique for giving orders begins to take shape.

Qualifications to Carry Out the Order

The first point in an order-giving technique that will contribute to successful human relations is to insure that, before an order is given to a man, he has the required training, skill, and physical ability to carry out that order in the way in which management expects it to be carried out. It is impractical, to say the least, to hold a man responsible for the execution of an order if he is not qualified to carry it out. Aside from any question of responsibility, the desired results simply cannot be obtained. It is possible, at times, to get less results from an order than a man's ability and qualifications indicate management should be getting, but in no case can the results from an order exceed the quali-

fications and ability of the man who is supposed to carry out the order—all of which seems absurdly simple, if not downright childish. Of course, every man with enough brains to be a part of management knows all of this. The trouble is that they do not always think of it at the right time.

Way in Which Orders Are Given

The second point in our order-giving technique: Recognize that the way in which an order is given, the words, the tone of voice, the actions, may affect the relationship between the man who gives the order and the man who receives it and, thus, affect the way in which the order is carried out. This is a point which too few management men understand. The way in which one man gives the order affects the other man's attitude toward him, which in turn affects his attitude toward the man to whom the order was given, which further affects the attitude of the man who received the order toward the man who gave it. If, by words, tone, actions, and gestures, if any, this attitude cycle is started off on a sour note, at least in the mind of the man who received the order, the whole attitude cycle set in motion by the order will be negative and the results from the order will tend to be unsatisfactory. There is one sure way to get off on the wrong foot when giving an order—give the man to whom the order is issued the feeling that the order is a personal command. Every man who is responsible for human relations must beware of this mistake. Nothing in a man's words, voice, tone, or actions should suggest that an order is from him personally. No one involved in an order should be made conscious of personalities when the order is given.

Conveying the Importance of the Order

The third point in our order-giving technique: An order should be made important in the mind of the man to whom it is given. Since the purpose of an order is to bring about a desired result, the person to whom it is given must be induced to take the order seriously if he is expected to deliver results. It is a mistake to depend too much on the authority of management position to make an order important. The really essential point here is to recognize that an order will not be any more important to the man who receives it than it appears to be to the man who gives it. So, when issuing an order, it is advisable to give the man to whom the order is issued full attention. Orders given "on the fly" cannot be presumed to be important in a man's mind.

Making Orders Clear

The fourth point in our order-giving technique: Make orders perfectly clear. In practically every case, this involves making two things clear: (1) what a man is to do, and (2) when he is to do it. In order to accomplish these two things, it is necessary to "speak the same language" as the man who receives the order. This means using words he understands, words which can mean to him only what the order is intended to mean, and it involves avoiding the use of technical terms and phrases unless perfectly sure the man to whom the order is given is familiar with them. It is astonishing how many times men will nod their heads in apparent understanding and then proceed to do the wrong thing. Crossed wires or mixed signals are the products of unclear orders. Finally, when an order is given, it is fatal to permit a man to break in the middle of the order and tell what he thinks is wanted. That is one way to get results, but they won't be the desired results. An order should be given without interruption. Then, if the man to whom it is given wants to repeat it back or ask any questions, he should be permitted to do so, but he should not be permitted to "take the words out of my mouth."

Facts Behind the Order

The fifth, and frequently neglected, point in our order-giving technique: An order is given because some plan, or problem, or schedule, or situation—certain facts—require that the man to whom the order is directed do what he is instructed to do. When giving an order, it is advisable, at the same time, to point out the facts that make the order necessary. This will help the man who has to carry it out see where his work fits into the scheme of things. Frequently, it will give him a greater sense of importance and responsibility in connection with his work in general and that order in particular. Equally important, perhaps, pointing out the facts which make the order necessary will help to remove any personal feeling about the order, any impression that the order is a personal command.

At the same time, when giving an order and the facts behind it, every member of management should be businesslike and confident because his job is to issue the order required by the facts. In short, to suggest that it is highly advantageous to explain the reason for an order does not imply any need to be in any way apologetic about the necessity of issuing the order. Nor does it mean that a company should be turned into a debating society. The fact that the reason for

a particular order is explained does not and should not be permitted to imply that the man who received the order is entitled to question the order. Management will, however, get more cooperation, more willing execution, when men understand the origin of orders and do not feel that they are personal commands.

State the Results Expected

The sixth, and final, point in our order-giving technique: Since an order is a means to an end, a way by which to bring about certain desired results, a successful order-giving technique must include the recommendation that, whenever it is possible to do so, an order should include a statement of the results expected in the course of carrying out the order. As a practical matter, every man, whatever his job, is entitled to know by what standard, what yardstick, his performance will be judged. When a man is informed of the results he is expected to deliver in the course of carrying out an order, he is simply being informed of the standard, or yardstick, by which it is proposed to judge his performance. More than that, however, he is given a specific responsibility in terms which he can understand. If the result expected is reasonably within the man's capacity to deliver, a point which it should not be necessary to labor, informing him of the expected result will prove mutually advantageous.

So much for a technique of "giving orders" which will contribute to successful human relations in business. It is unwise to stop at this point, however.

Following Up

If you accept the fact that an order is simply a means to an end and that the end, the result to be obtained, is the important thing, "giving orders" can be only half the story. There is another and equally important half of the order-giving story which can be summed up in two words—follow up.

After an order has been given, it is possible to do one of two things. It is possible to assume that the work covered by the order will be done, that it will be done right, and that the results will be satisfactory, or, it is possible to check or follow up on the progress of the work, the carrying out of the order, to make certain that the work is being done, that it is being done right, and that the results will be satisfactory. Which of these courses is taken, to assume or to follow up, will enormously affect the kind of results obtained from an order and the kind of human relations which develop in a company.

Every management man probably knows from experience that assuming that work will be done, done right, and that results will be satisfactory has one serious defect: if the work is not done, if it is not done right, if the results are not satisfactory, management is not aware of it until it is too late. The damage will have been done. Such situations usually lead to ill-considered blame, futile argument, friction, and unsatisfactory human relations. Thus, waiting for work to be completed before examining the results obtained is bad for efficiency, bad for your costs, bad for human relations, bad for one's own digestion, and just plain bad management.

On the other hand, checking or following up on the carrying out of an order for the purpose of determining whether the work is being done, whether it is being done right, and whether satisfactory results appear to be in the making has a very great advantage; it is possible quickly to detect any departure from the terms of the order and quickly to put the execution of it back "on the beam." Thus, alert persistent follow-up enables management to control the carrying out of orders and avoid the damage which usually accompanies a too-late discovery that orders have not been properly carried out.

Since an order is a means to an end, an expected result, this checking of work progress or follow-up, as it is usually called, is every bit as important as issuing the order in the first place. Despite this obvious fact, despite the obvious importance of follow-up, the frequency with which men at all levels of business management fail to check or follow-up on the carrying out of their orders is probably the most glaring single weakness in business management today. If management is weak on "follow-up" of orders, these five suggestions will help correct a serious weakness:

1. When an order is given, it is important to know clearly what results are expected through the carrying out of the order. The one exception, of course, is in the case of certain types of research work in which predetermined results cannot be presumed. Such situations are, however, the exception and not the rule.
2. Based on the results expected, it is necessary to decide exactly how a check or follow-up on the progress of the work shall be made. To be specific, it is necessary to decide whether to follow-up work progress by records and statistics, by periodic observation, by regular precise inspection, or by some combination of all of them.
3. When it has been decided exactly how to follow-up the progress being made in carrying out an

order, it is necessary to make certain that the required facilities are available. If, for example, follow-up will be statistical, it is necessary to have the necessary records or reports. If follow-up includes precise inspections, it is necessary to establish the inspection standards and provide for the necessary inspections.

4. Irrespective of what plan of follow-up is to be employed, it is necessary to determine how soon the follow-ups shall begin and how frequently thereafter they shall be made.

5. Having determined how and when the progress of work should be followed up, one final essential task remains: to make the necessary follow-ups without fail.

We have seen that "giving orders" is only the beginning of a continuing process which does not end until the work covered by the order is completed. Thus, responsibility in connection with an order does not end until the work is completed and the results are satisfactory. How the order is given and how it is followed up will affect both the results obtained from the order and the kind of human relations which will be generated.

Giving orders wisely and following them up carefully means more perspiration, and another step toward successful human relations in business.

S. A. M. Chapter Meetings — *March 17 — April 14*

March 17 8:00 p.m.	*Providence* Engr. Society	"Engineering Standards for Labor Control": William H. Potter, Barnes Textile Association, Inc.
March 18	*Central New York*	"Designing and Installing a Budgetary Control System for a Medium-sized Manufacturing Company": Allen H. Ottman, Vice President and Controller, American Hard Rubber Co.
March 24 6:30 p.m.	*New Haven* South Meriden House, Meriden	"Business Administration—1949": Lowell W. Herron, Asst. to President, Clarkson College of Technology
March 24 6:30 p.m.	*Northern New Jersey* Essex House, Newark	"Should Wage Incentives Be Included in Contract Negotiations?": Foster Harry, Vice President, Universal Winding Co.
April 2	*Alabama* Molton Hotel, Birmingham	"Supervisory Incentives": Thomas B. Noble
April 5	*Baltimore* Park Plaza Hotel	"Keeping the Management Team Fit": Herman F. Willkie, Director and Vice President, Joseph E. Seagram & Sons
April 6	*Philadelphia* Engineers Club	"Training of Men in Industry": Herman F. Willkie, Director and Vice President, Joseph E. Seagram & Sons
April 7 6:30 p.m.	*Boston* Hotel Sheraton	"Management's Responsibilities in Work Simplification": James Valentine, Armstrong Cork Company
April 7	*Central Pennsylvania*	"Cost Control Through Flexible Budgets": D. A. Smith, Accountant, Locomotive & Car Equipment Div., General Electric Company
April 7 6:30 p.m.	*Cincinnati* Alms Hotel	(Subject to be announced): Cyrus S. Ching, Director, U. S. Mediation & Conciliation Service
April 11 6:30 p.m.	*Cleveland* University Club	"Determining Manufacturing Policy": Raymond R. Rausch, Vice President, Manufacturing Policies, General Electric, Schenectady
April 12	*Atlanta*	"The Magic of Good Employee Relations": Dr. William E. Hinrichs, President of Personnel Consultants, Inc.
April 12 6:30 p.m.	*St. Louis* Forest Park Hotel	"How Sociology Is Helping Management Make Sounder Decisions": Sociology Dept., Washington University
April 13 6 p.m.	*Dallas* Stoneleigh Hotel	"The Systematic Application of Sound Public Relations Principles": Don Knowlton, Hill and Knowlton
April 13	*Houston*	"Building Design and Management": Raymond Brogniez, Architect, A.I.A.
April 14	*Hartford*	"Postwar Developments in Production-Line Techniques": Richard Muther, Staff Engineer, Methods Engineering Council
April 14 6:30 p.m.	*Milwaukee* E.S.M. Building	"What Does Management Owe the Employee? — What Does the Employee Owe Management?": Richard S. Falk, Assistant to President, The Falk Corp.

The qualities businessmen look for in young management personnel are largely character assets. Business education and the business world have a mandate to assure students and apprentice executives of a satisfying existence with good future prospects, to encourage their high aspirations, and to offer them "moral" support.

Character Education for Business

By ORDWAY TEAD

IN a recent editorial, *Business Week* discussed a canvass among executives as to what is the greatest need in business today. The consensus of answer, you will not be surprised to learn, was that the greatest need was for more "good managers." Whether the word "good" or the word "managers" is stressed, the result is significant of a concern for more able men so focused on an executive task that they are showing character in their performance.

This fact is corroborated in my own experience by the testimony of my personnel friends when I inquire what qualities they are looking for in young men their companies want to hire. If we leave out of account the requirements of engineering skills where these are needed, the testimony is general that they are seeking resourcefulness, persistence, thoroughness, ability to work with others, cheerfulness, promptness, willingness to think straight in solving problems. And need I remind you that these are largely character assets and character values upon which they are putting a premium?

A further preliminary point which it seems to me necessary to lay down in discussing this topic is that in any basic way our young people are no better or worse, or any different from the young people of a generation ago. We will accomplish nothing by being alarmist about the character attainments of today's youth. Someone has said that "the denunciation of the young is a necessary part of the hygiene of older people. It greatly assists in the circulation of the blood."

I shall not be a party to any such denunciation. The young people, as I deal with many of them, are a splendid lot, in no way less effective, courageous or highminded than those of other days. If there are differences to be noted, these grow out of the uncertainties and insecurities of the difficult present hour in which they happen to be coming on to the scene. It is not as easy to plan one's career today as it used to be, so that personal, social and business relations are less stable and therefore a tougher assignment for youth than formerly.

Indeed, I will go further and say that in the conduct of present education under the control of my own generation, we have not been offering much nourishment or guidance to the youth in this area of effective character education. The stress and aim in higher education in recent decades has been increasingly secular, scientific and intellectualistic. The stress has been on subject matter, on acquiring miscellaneous information, on verbalizing skill; and it has been bad form to talk about education for character at the level of higher education. If you want to realize what bad form it can be read the typical utterances of Chancellor Hutchins of the University of Chicago, who is insistent that the career of the mind should be the sole concern of the college.

What Do We Mean by Character?

In fact, at such a discount has the objective of strong character been, that it becomes necessary to do a little fresh defining of our terms. We have to ask what we really mean by character and how we arouse and interest people to build character. As with many other problems, a careful and correct statement of this one may take us a considerable way toward helpful answers.

This article is based on a talk given at the Babson Institute of Business Administration, October 15, 1948.

My own definition of character is that it is essentially fidelity to established standards of conduct, standards which possess reasonably wide social acceptance and validity. Character is faithfulness to defensible standards. It has to do with adherence to moral purpose, to one's own inner integrity; it implies perseverance and courage. And the sense in which the word "moral" is here used is a broad one to denote happy, productive and kindly relations with one's fellow men.

Character thus requires and employs throughout all areas of one's living a consistent total grasp and drive toward well-adjusted relations to one's own self and to all with whom one associates near at hand and remotely. It refers to a sustained total approach, attack, attitude and carry-through of conduct that is thoughtfully and sensitively moralized.

It is thus something quite other than the pallid, negative, Sunday-School idea which was often associated with the word. There is nothing "prissy" or sissy about character properly understood. To talk of it today is to think and talk in terms of activity, vitality, aggressiveness as to results, coupled with humility and consideration as to methods. To understand character today is to be aware of the need for a command of relevant knowledge, for the necessary skills (social or technical), for good will in facing situations and exercising skills and for drive to carry on persistently—a drive "to stand and having done all to stand."

Good strong character thus asks these four questions whenever choices have to be made or life issues confronted:

Do I know what in this situation I am about?
Do I know what I should do and how to do it?
Have I a friendly attitude as I do it?
Will I persist in the good work?

Where there is a grasp of confronted problems, where there is improving skill in meeting them, where there is an animating spirit of friendliness and where there is determination to sustain and carry forward right decisions into actions, *there we have good character being manifested.*

No Separate Character Education

If my definition and my approach to character are accepted as approximately accurate, our discussion of character education is considerably clarified. In an important sense there is no separate character education. We cannot wisely educate head on, so to say, for character. All education is either good education in which character assets are being cultivated as part of the total assignment; or it is poor education because ineffectual as to both character and other objectives. There is education which is drawing out and reinforcing constructive and sustaining motives from within each self; and there is education which fails in this vital task.

And when we come to business education as such, the same truth prevails. Within a specified body of subject matter (and this should not be too narrowly conceived) the end in view should be such experiences for the learner as will build capacity, desire and competence to confront life situations with knowledge, skill, good will and drive. Where all this is occurring, there *is* business education for character.

But in order to work ahead toward this desirable goal, I think we have to ask further questions and meet further conditions. For we are at this point considering: How do we get students possessed of motives which propel them to certain kinds of action? What do we know about how to stir people and keep them focused on conduct where knowledge, skill, good will and drive are working in harness?

What, in short, is a sound psychology of motivation?

If these questions can be answered in practical and specific terms as affecting the relations of teachers to students and of older executives to young executives, our central inquiry is substantially answered. For I repeat that to arouse people's interest, sustain their productive drives, increase their understanding of the inwardness of discrete problems and give them a sound sense of what is valuably productive—all this is the heart of the character education problem.

Four Conditions for Motivation

A sound psychology of motivation would at the least cope with and satisfy four conditions as the individual confronts specific problems: (1) It would assure the individual of good satisfactions; (2) It would give him the incentive of good future prospects; (3) It would build up within him the drive of good aspirations; and (4) It would offer him good "moral" or "spiritual" support to carry on.

In other words, if we answer wisely four questions with regard to the young person about to enter business or in a business apprenticeship, the likelihood of a good educational outcome should be high. And the four questions are: (1) How can the young person obtain

an immediate sense that his current experience in the process of being educated is a satisfactory one? (2) Is there some reasonable assurance that the prospects for his future are good? (3) Is he cherishing aspirations, hopes, ideals for himself that can have directive punch and power? (4) Is he discovering in his relation to forces outside and within himself that he obtains support to sustain him in purposive moral effort?

The competent, operational answer to these four questions is the assignment of education in general and of business education in particular. Let us mention a few of the implications of each of these four.

First, as to satisfactions, current theory is clear—and I believe correctly so—that education is not being carried on only for some future gain and good. Nothing is so debilitating as to educate for future possible (but incalculable) benefits. The analogy of the donkey with the carrot tied just out of reach in front of his head is not a valid one for sound education. Education is basically to enable the individual to cope satisfactorily with the present situation; it is for present effectiveness in living. The experience of the here and now during, in and through one's education must have point, meaning and valuable results.

Somehow it comes about that if we deeply take care of today, tomorrow yields its own beneficent fruits. Sufficient unto the day are the facts and the outcomes thereof.

Awareness of Social Forces

Hence, a word is in order about the facts of the day and the possible satisfactory outcomes of dealing with them. The facts which seem to me to have the greatest relevance to bringing students satisfactorily to grips with awareness of contemporary social forces are, in the first place, those which can clarify basic confusions and bewilderment about the ends, purposes and directions in living. There can be no present satisfactions at the deeper levels of personality if young people feel frustrated; believe they are not wanted; or can read no purpose into human effort. Very simply, if they believe that life has no meaning, it is obvious that their educational striving will have no meaning.

In the next place, the general controlling ideas which are helpful in this situation center around the meaning and direction of such words as "democracy," "science," "business or economic activity," "the arts." Students have to find for themselves some vital operational meaning in these four fields. They should discover what American democracy stands for and why it has to be defended. They should find the continuing value of using the scientific method and translating technological mastery into socially acceptable instruments of a widely enjoyed economy of abundance. They have to find what is the social justification for economic activity, either as it is or as it should be constituted. And finally they have to find that there are facets of human experience and sensitivity revealed through the medium of the arts, which are ignored at the peril of the soul's existence, and at the peril of a corruption of the increasing leisure which they are allowed.

What I am saying is that in order to support the basis for their present satisfactions of mind and heart, I want students of college age to come to a dynamic understanding as to why America is a country to be humbly proud of, as to wherein lies the secret of its hold on the imagination of men both here and abroad, as to the core of its spiritual and political faith, as to the sources of personal growth, freedom and fraternal regard. I want this not because I am a sentimental patriot. When we say that democracy means that individuals are to be treated as ends in themselves, and that the dignity, the autonomy and the integrity of the person and of every person are to be respected in our kind of society, we have to bring our young people to realize that we are not talking through our hats. Rather we mean that unskilled laborers, rural agricultural workers, all the humble folk of our nation, have to share fully in our blessings. We mean that we are trying, just as earnestly as we know how—if we are sincere about our democratic convictions—to translate the sense of each person as an end in himself into the practical methods by which we run our industry, our education, our leisure-time activities no less than our political institutions.

Interpreting the Democratic Principle

We have, through our college education, to make a consistent interpretation of the applications of the democratic principle, especially in those areas to which thus far we have been all too timid in trying to apply it. And we have to confront students with the real difficulties of reconciling big business, big organizations and monopolistic tendencies with personal freedom and with the rights of individuals to be free to develop without regimentation.

We also have to clarify what we mean when we say, as we all do, that the public interest in the conduct of economic life is paramount. That is a doctrine to which

I subscribe most earnestly. Yet it is not easy to translate that into terms of the curriculum of business science. We have to be more searching in teaching young people in accountancy courses, in sales management, in industrial management, that there is a public interest and it has to have paramountcy over the special interest which the students are often being trained to serve.

The problem of reconciling personal freedom and personality growth with employment in large-scale organizations is one of the grave problems threatening American democracy. The problem of adequate reward, the problem of economic regulation—how much of it is justifiable—these too are unsolved issues which young people are interested to grapple with and to have suggestions about in their classrooms.

Next, about the scientific method: The good business man is the man who is able to take diverse bodies of factual matter, clarify and select their salient points and reach generalizations which he can apply in practice. The best business managers, as I see it, are the best generalizers able to think in abstract terms, because they are able to grasp the significant elements of their problems. That is one implication of the scientific method. And until we are prepared, more than we are now in our colleges and schools of business, to have a rigorous discipline in the application of the scientific method, our students are never going to have the deep intellectual training to become able generalizers with the capacity for over-all grasp and coordination which business leadership entails.

Then, too, as they realize how fruitful a scientific approach can be in supplying intellectual tools and methods of critical evaluation and interpretation, they must equally be made to realize by their teachers of ethics and philosophy that all truths, all great human insights and all human visions have *not* come from science. Too many of us today fall down and worship at the altar of science. And those who do not are too often saying that there are no altars to fall down and worship before at all.

Science Does Not Have All the Answers

Somehow, as scientific training is rightfully stressed as a more rigorous intellectual discipline, we have also, through teachers with other points of view and other kinds of sensitiveness, to make students realize that science does not have all the answers about all the insights and the abiding, eternal things of the human spirit.

The third point here is that in helping to satisfy understanding, our students have to be brought to awareness that we have to attempt to run our economic life increasingly in terms of what I would call its functional needs and requirements. It is possible and even plausible to paint a grim picture before college students of what Professor T. N. Carver of Harvard used to describe as the "pig trough philosophy" under which America seems to operate. You can from one angle picture us all as in a selfish, acquisitive, competitive dog fight in American business, and it thus becomes easy for sensitive young people to look only on the obverse side of the shield of our economic system. When this happens they come through rather disillusioned and discouraged about their personal place and function as adults in a society which they find it hard to justify ethically.

The reality of depressions, the complications giving rise to inflation, the problems of unemployment, the restriction upon free movement of goods throughout the world—these are hard and unfavorable facts. To say that manufacturers live up to the high standard of the lowest possible costs, fair prices, fair return on the investment, personality growth for all their employees, and strict law observance—to say that all this comprises the controlling standard of every American employer would simply be a statement contrary to fact. This is what we would like to think that most of us believe and hope will become the standard under which business will increasingly be operated.

In short, a real issue is presented here. And if we are honest in our economics instruction the view of our economic institutions which students will gain is not all white; nor is it all black. It will pose moral problems to young people and young executives. And it should so come out on balance that young people would go into business with a realistic knowledge of its weaknesses and a high moral determination to work progressively to overcome them. The best approach, in short, for our young people is perhaps a combination of sophisticated awareness of good and bad features, a critical sense of real shortcomings and an eager, melioristic desire for wisely conceived improvement. And hopefully they will be able to find as they enter business that more and more business leaders whom they respect are themselves animated by such a philosphy of dynamic change within a system dedicated to human freedom for all and not merely for those who come out on top in business competition.

Perception of Things Outside of Business

Finally, in respect to present satisfactions, business people should be able to conduct their careers away from the office not only with dignity and human sensitiveness but with increasing freshness of perception about the inwardness of their spiritual life, the beauty of nature and the beauty of great artistic creation.

In the second place, our young people will not be deeply interested in their own character building if they do not see reasonably good expectations ahead in terms of their own personal careers. On this point the responsibility seems to me to be largely up to business, just as the first point about assuring satisfactions of understanding is largely up to educators.

Young people have the right to the incentive in the years between twenty and thirty of an expectation of adequacy of income and knowledge of definite promotional opportunity. The uncertainties of the whole war situation have made the need for this expectation perhaps more acute than ever. Every employer should properly be asking himself how carefully he is helping to assure that apprentice executives can marry and live with reasonably adequacy as soon as marriage has occurred. It is idle to talk of character education for business and actually to deny the opportunity for marriage by a low salary scale. For marriage is a wholesome, normal and settling influence in the lives of young people which has great potentialities in the direction of their future growth. Similarly, employers have to think through and plan for lines of promotion and diversified experience so that it will not take a capable young man ten or fifteen years to get up to a salary of $5,000 a year. If the objection is raised that young men today expect to get ahead too rapidly and have grandiose ideas about their value to employers, that may be true in exceptional cases. But, in my experience, young men who are taking business training have no such delusions of grandeur and are realistic about their progression. All they ask is a fair break to demonstrate the capacity and earning power which is presumably theirs.

Goals Based on Social Background

In the third place, I have suggested that there is the necessity for the building up of aspirations, hopes and ideals to reinforce and channel the character building process.

In this connection, note has to be taken that young people's aspirations and their standards for personal attainment result in considerable measure from the social background out from which they come. If they derive from homes and communities in which "keeping up with the Joneses," high material standards of affluence, ideas of success limited by getting and spending money prevail—it is difficult to expect them to shift their ideas as to what they want to get out of their business training and out of their business careers.

Years ago, Professor William James of Harvard noted the danger of a worship of "the bitch goddess, success." And if the character standards of our young people seem too calculating and selfish we have in all fairness to ask ourselves who implanted these standards. And one of the tasks of educators is to understand how adverse influences in our social and economic milieu can not only be grasped but be counteracted. If there are to be other than material standards of what our young people want out of life, this means that both the home and the educational surroundings would be building for other values to admire and practise. In fact, the impact of certain educational institutions can be seriously adverse at this point. And in such institutions how to offset what is essentially a social snobbishness and an intellectual dilettantism presents educators with a real challenge.

On the other hand, a somewhat different problem is also posed. I offer the generalization that our intellectually ablest young people will even in conservative educational institutions tend to be those who will be most critical of the going operating methods of American business. On the whole, college teachers in the social sciences tend to be more critical and more liberal in outlook on economic activities than they used to be. And insofar as young people are aroused to be analytical and idealistic, they are shocked at the discrepancy between American business performance and its promise. Yet it is just such young people with the ferment of their critical training who are needed to assist in the amelioration of American business practices. Again speaking generally, business executives in hiring young people tend to be somewhat fearful of these bright young persons who do not glibly subscribe to the laudatory cliches about "free enterprise" and the "profit system." Such executives have, however, to realize that, from now on, business is conducting all its operations in a goldfish bowl and it will be prudent business policy increasingly to associate with management young people who are trained in attitudes and methods which will allow public scrutiny of this goldfish bowl without undue social criticism. In short, business men should not be fearful but should be educative and

sympathetic regarding those young graduates who do not take a completely conformist view of present methods.

We all would do well to remember George Bernard Shaw's idea that there is something wrong with the young man who is not a Socialist at twenty and something wrong with him too if he is still a Socialist at forty! Good education as it relates to business has therefore the difficult role of being at once descriptive, critical and dynamically melioristic regarding the operation of a democratic American economy.

Support for Moral Conduct

My fourth major point bears on the problem which from my point of view presents the sixty-four dollar question. In other words, it is considering of from what powers within and outside of himself the young person can today find support and nourishment to sustain him to carry through with his moral resolves. In posing this issue, I am trying sympathetically and humbly to understand the confusion of mind of the oncoming generation. Specifically, the issue is, does strong character require belief in something other than human support for the conduct of the human enterprise? Does the existence and continuation of vigorous moral conduct inevitably require a belief in some kind of God? Many of us were brought up in a tradition which assumed that the answers to these questions were unmistakably yes. But I can assure you from my knowledge of young people that there are many among them who in the present state of confusion are unable to give a clearly affirmative answer to these questions. It is not so much that they deny moral standards or that they are necessarily less sensitive as to their ethical obligations; but many of them do not find it possible to hold to the faith and retain the belief that there is some power in the world not ourselves which makes for righteousness and to which we can turn for comfort, strength and support. Indeed, this may be the most profound question which is posed in the transition between this generation and the next. I ask again: Can we get as persistently good and sustained moral conduct as manifestation of high character out of people who do not believe in God as out of people who do?

In all honesty, it seems to me we must admit that all the evidence is not in to supply a categorical answer to this urgent question. And I shall not at this point press for whatever answer I may myself personally give. But on one point I am prepared to be emphatic, namely, that the current educational doctrine that "to know the good is to do the good" is a false doctrine. Only in a limited sense is it true that "knowledge is power." There is unquestionably an element of perversity in human nature which St. Paul correctly characterized in his famous quotation which begins, "when I would do good, evil is present with me."

Knowledge of Good Is Insufficient

Whether we look within ourselves or look about us we know that the knowledge of good does not always produce good actions. We know that there are weaklings, that there are those who are corruptible, that there are those who grow weary of well-doing. And the problems of sustaining the desire to do what is found to be good becomes therefore, it seems to me, the heart of the whole character education problem.*

Where then do we find the seat of authority and reinforcement for moral courage? It seems to me that the beginning of an answer has to be found in terms and from a point of view which can become persuasive to young people who are no longer convinced of the conventional denominational doctrines and phrases. And I am personally convinced that such a formulation is possible. I believe we can have a really fighting faith in certain characteristics of our world which mean that moral efforts are being supported and that people can manfully take their own part in moral striving. Moral guidance on behalf of godlike values is not only possible, it is a continuing reality.

What good ethical standards are, and what wise conduct is, are becoming increasingly possible to determine in terms of what is essentially scientific knowledge. Our science is helping us amazingly to know the right thing to do in all sorts of areas of human endeavor. I realize that we are still laggards in our knowledge of a science of man; but we are learning rapidly and the more we are able to systematize and interpret our knowledge about the relation of man to himself, to society and to the cosmos, the more it is true that science is helping us to understand the principles and the content of ethical conduct.

If I may put the matter in more technical terms, I am prepared to accept a naturalistic and scientific ethics. Yet along with this it seems to me that we possess a total awareneness of a world of personality and of fellowship with others rooted in an orderly world of nature, which gives substantial evidence of

*I have elaborated on this problem both in terms of analysis and recommendations in three pamphlets: *Spiritual Problems of the Teacher, Toward First Principles in Higher Education* and *Education for Character.* (Hazen Foundation, 400 Prospect Street, New Haven, Conn.)

supplying meaningfulness and significance to the human career and to its effort at self-advancement. In short, we *can* have a faith.

Basis for a Faith

I am not interested in what the next generation may call it. I am not interested in how the young people worship or verbalize their creed. But I believe there are certain elements deriving from our understanding of the human situation which not only can be but have to be insisted upon and upheld. This faith has to affirm the democratic position as intrinsic. It has to affirm the scientific outlook as essential. It has to affirm universal fraternal relationships as implicit. To put it in another way, it is a faith built out of the insights of a growing science of man, a growing recognition of a need for democratic leadership, a growing sense for more sensitive methods in human relations, a growing sense of a government which ministers to personal welfare and a growing sense, therefore, that because these realities obtain, human salvation is truly possible.

By salvation I do not, of course, mean precisely what was meant by that phrase a generation ago. Aldous Huxley recently edited an anthology which he entitled *The Perennial Philosophy*. In that volume he has assembled the utterances of prophets, saints, seers and saviors, both from East and West. And he has shown quite clearly, it seems to me, that historically the most sensitive and elevated human spirits have always agreed and still agree that there is at work in the world a reality of good intention, a reality of ultimate human purpose that are to be counted upon. A rational and super-rational faith in the meaningfulness of the universe is a genuine reality. And that rational meaningfulness is supporting the human enterprise and is therefore supporting our efforts to be decent and creative in human character. That meaningfulness defines the struggle we have to make and suggests a destiny with which we have a rendezvous.

It makes little difference in what philosophical or theological language you do or do not couch this faith in meaningfulness. But some emotionally and intellectually realized conception of the relation of the individual to society and to nature and of the orderly, progressive and dynamically creative character of that relationship—this is a fact independent of the conventional theologies. And this creates a claim made with equal insistence upon every honest spirit. I proclaim a faith—real, valid, defensible and heartening—which buttresses the efforts of men to build fine character.

In summary, what I have been saying is this. As education supports business and as business supports education, the mandate upon both is to make the experience of college students and of young apprentice executives a satisfying one. And this satisfaction is to be obtained by helping the student to remove spiritual bewilderment, to satisfy curiosity as to how social forces work, to give impetus to his human sympathies and to give him good reasons for trying to improve the economic setting in which he finds himself.

In addition to this satisfaction derived from good learning, he must have assurances for his immediate future that will yield an unfolding personality both in business as a creative experience for him and in his personal relationships for the opportunity of marrying and having a family.

Also, hopefully through the home, the community and the college, the young person is being made to realize that to be significant his aspiration has to go beyond a money success to an expression of his personality which reveals that as he intelligently serves society his personality is being best realized. This idealistic aspiration has always had an appeal to high-minded youth whenever its generous motives have been illuminated by understanding and animated by fraternal regard.

And I have said finally that the effort to obtain human salvation, humanly, is not only possible but it is an imperative obligation upon us all.

Indeed, business itself can be one important medium in which human salvation can be worked out. But to attain this, it means that we have to assure the unique personal contribution of every individual. And particularly, of course, this applies to those who will be executive leaders and have therefore to be shown that they can make a unique personal contribution toward a better society. The fact is that business is in our time preeminently the place in which this moral effort can occur. And education can help to induce both this attitude and this character effort.

It is in this pervasive way that education can help us to form characters which persevere in careers of personal dignity and public service—which result in careers of profound social benefit.

A Letter on Human Relations

I READ the article in the September 1948 issue by Burleigh Gardner ("What Makes Successful and Unsuccessful Executives?") with keen interest as it brings out so clearly the varied characteristics which are typical of executives. It is excellent but I feel a deep urge to comment on the following paragraph:

> "On the other hand, he looks to his subordinates in an essentially impersonal way, seeing them as 'doers of work' rather than as people. This does not mean he is cold and treats them casually. In fact, he tends to be rather sympathetic with their problems. But he still treats them impersonally, with no real or deep interest in them as persons. It is almost as though he viewed his subordinates as representatives of things he has left behind, both factually and emotionally. The only direction of his emotional energy that is real to him is upward and toward the symbols of that upward interest, his superiors."

Here in a few words is the crux of our entire human relations structure in industry. If the research in the field of motivation which we have been doing for the past twelve years is correct, such an attitude is the reason for much of our present labor trouble. To be a genuine leader, a man's personality must be such that it creates automatic "followership," and people only respond to sincere, honest interest in them.

I was particularly impressed by the description in the article of the executive's attitude toward his boss, which is another key point. But if a man is capable of this fine loyalty up, by the same token he will automatically be loyal to and have an honest interest in the people below him. These attitudes are not something we can turn off and on. They are the result of what we really are, if they are genuine.

Some years ago a friend asked me if I could get a job for one of the key men in his office. In amazement I asked "Do you want to get rid of him, and, if so, does he know it?" The reply was "He is capable and does a good job but fails miserably in getting the cooperation of others. He took some course in personality development and leadership and has acquired a rubber-stamp attitude and approach for each situation. When he wants others to do something for him that is really important his flow of honeyed words is matched only by the 'Pepsodent' grin that goes with the request. It is all according to Hoyle, but the gang has his number. When they see him coming it is thumbs down. They are laying for him. Smiles that come in cans don't produce results." This man was eventually eased out of his job because his attitude toward his boss was impeccable but his subordinates were onto him and knew him for a phony. He really wasn't a bad sort but was the victim of faulty training.

There are two kinds of leaders—economic and psychological. The first type is concerned primarily with getting the job done. People are incidental to him. The psychological leader has a real interest in people. They provide the motivation for his life. People turn to him automatically for leadership. May I repeat, his personality creates "followership."

A few men combine both of these characteristics and they are the men industry is seeking. Unfortunately it is probably impossible to build an organization composed entirely of such men. Their number is too few. But the influence of such a personality is far reaching. He can be the stabilizer of a large group if his capacity and unique contribution is realized.

The most interesting fact is that this stabilizing quality of the psychological leader can be developed in the purely economic type. Some people are by nature more interested in people than others but nevertheless these human qualities can be acquired.

Five years ago the relation of a certain plant superintendent to his people was on an economic basis almost entirely. Due to the tensions in the department, rejects were abnormal—over twenty percent. Today this man is a good psychological leader and his rejects have dropped to four or five percent.

This change in personality is due to the fact that years ago this man was not growing. Many of the normal areas of his life were either poorly developed or non-existent. The result was frustration, outbursts of temper, moodiness and general lack of balance.

To lead others to the best advantage a man must himself be a well-balanced individual. His life must rest on a good foundation of intelligent living. Such life qualities are contagious. It has been well said that every business is but the lengthened shadow of a man. The same thing is true of a department or division.

There are definite laws of balanced living. When these are followed, the life takes on a quality that is irresistible. I am convinced that we have only begun to explore the deeper recesses of the personality. We have seen men change in a few weeks from self-centered, inhibited industrialists doing everything the hard way to men who understand that life is supposed to be a rhythm. As this rhythm is achieved the frustrations disappear and a new ability to work under pressure is realized.

Pressure, blindly applied, is a great cause of turnover. A certain plant has two superintendents. One is unique in his ability to apply pressure and then relieve it before the going gets rough. His people love him, and never fail to respond to a request. The other superintendent has always driven for results but "it is almost as though he viewed his subordinates as representatives of things he has left behind, both factually and emotionally. The only direction of his emotional energy that is real to him is upward and toward the symbols of that upward interest, his superiors." The inevitable result was mediocre output and a complete failure to respond in a pinch or crisis. This man too has since become a man his employees respect and love.

There are many phases to this transformation but the crux of the matter lies in the words which we quoted at the beginning, that is, our attitude toward others. The life that is in balance and has a true perspective as to the relative importance of the material and human values is forever moving forward to new areas of achievement while at the same time lifting those about it to a new sense of their importance in the broad scheme of things. We all want to be on the team.

In the creation of team-work on the highest possible plane lies our greatest opportunity for increased production and lowered costs. Truly the trouble with production is people. The cause of these troubles is our attitude toward the people. Let us not give these wrong attitudes the cloak of respectability. There is already too much confusion in this area.

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Book Reviews

Good Management Needed

Small Business: Its Place and Problems, by A. D. H. KAPLAN. 281 pages. New York, 1948: McGraw-Hill. $3.25.

IN this Research Study made for the Committee for Economic Development, A. D. H. Kaplan has summed up and added a great deal to the already extensive literature on the smaller business, its position in the economy and what can be done to improve it. Too much of the concern about small business has focused entirely on financial inadequacy as the major difficulty and easier financing as cure. More often than not, financial difficulty is a symptom of inexperienced management, failure to maintain the pace in technological improvement, restrictive practices unfavorably affecting the enterprise, or just plain absence of economic need for the enterprise.

Mr. Kaplan sees the problem whole. He does not minimize the importance of the financial problem. He carefully reviews most of the proposals for furnishing additional financing that have been made here and abroad. At the same time he recognizes the prime importance of good management as well as accurate information and education on economic forces, business methods and new technology. It is in this direction that Mr. Kaplan contributes one of his most fruitful suggestions on meeting the financial difficulties of small business. Laying major stress on the use of the banking system to meet short-term and long-term credit needs of smaller companies and as a base for the development of a network of capital banks, he urges the banking community to set forth definite criteria, accounting methods, credit ratios and operational tests whereby a business can determine and measure its eligibility against its needs.

There are fruitful suggestions for the education and improvement of small business management, its servicing through suppliers, universities, commercial laboratories, advertising agencies, trade associations. Many of these proposals would not only help smaller business units but offer promising public relations and merchandising opportunities for the servicing institutions.

The remaining major portion of Mr. Kaplan's work is directed to equality of opportunity and burden for smaller business in its relations with the Bureau of Internal Revenue, labor unions and the competitive practices of larger business. This book falls short in bringing out the full implications of tax policy on the vitality of small business. It is more difficult and more expensive for companies earning less than $100,000 to raise money. Obviously, therefore, the tax bite out of earnings which would otherwise be available to meet expanding financial needs is so much more painful. The fifty-three percent rate on corporate income between $25,000 and $50,000 is particularly oppressive to the small enterprise. Similarly, limitations on the speed with which the cost of new equipment can be charged off increases the difficulty of financing and modernization and the danger of becoming technologically non-competitive. Perhaps more fundamental is the combined pressure of personal income and estate tax rates in influencing owners of independent businesses to merge with or sell out to tax-exempt institutions. Finally, while inflation and increased mechanization increase the amount of capital required to launch new enterprises, our present tax policy reduces the capital available for risk. By multiplying the difficulty of recovering lost capital, it even increases the risk. Mr. Kaplan adverts to this critical area but never deals with it explicitly. That subject is, however, a worthy aspect for another study.

The author's treatment of the squeeze on small units by vertical integration, price manipulation, control of trade channels, industry-wide labor demands and patent control is brief but incisive and altogether admirable.

A real contribution to a vital subject of our economy has been made in these pages.

LEO M. CHERNE

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The Foreman's Human Relations

Personnel Management for Supervisors, by CLAUDE EDWARD THOMPSON. 192 pages. New York, 1948: Prentice Hall. $3.95.

THE emphasis throughout this book, according to Mr. Thompson's statement in the preface, is on the human problems that supervisory management in modern industry and b iness meets and must solve in a day's work.

Of course, the average foreman is not likely to meet all of the problems covered in this book in any one day, or any one week. The scope of the book is exceedingly broad. The author has gathered much good material that has been written on the subject and combined it with his own extensive experience to make this a homogeneous text.

Among modern techniques which Mr. Thompson has assimilated are the "Training-Within-Industry" programs originated during the war. He devotes some six pages to a description of job-instructor training in his chapter, "Inducting and Training Workers." Another chapter, "Operating an Efficient Department," utilizes job-methods training procedures.

The material in the book applies equally well to a foreman whose employees are unionized, and those who are not. Unions are mentioned

but briefly in writing about grievances. The only place where problems arising out of unionism are given closer consideration is in the final chapter, "Supervisory Labor Relations." Here the foreman is advised to acquaint himself with the Fair Labor Standards Act, the Walsh-Healy Act, and the Labor Management Relations Act of 1947. In fact, the specific provisions of the Labor Management Relations Act, under Title I, are completely reproduced—some thirteen solid pages of text. It is questionable whether supervisors will sit down and read the Taft-Hartley Act—or any other law—written as it is in legal phraseology. Mr. Thompson might have done a much better service if he had contrasted the provisions of the Wagner Act and the Taft-Hartley Act, step by step in simple, everyday English.

Perhaps the best and most readable chapter is "The Role of Leadership in Supervisory Management." Here the author's training as a psychologist comes into full play. He bases his discussion on four lines of foreman cooperation: with management at higher levels; with workers; with other foremen; with service departments. From that point of departure, he explores every type of situation in which the foreman finds himself in relation with management at higher levels, management at the same level, and employees. Throughout the book the status of the foreman is dignified. Anyone can recommend the book to foremen with the assurance that the reader will identify himself with management. It will also help the supervisor to assume more and more management problems.

GLENN GARDINER

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Toward a "Laboristic" Society?

The American Economy, by SUMNER H. SLICHTER. 214 pages. New York, 1948: Knopf. $2.75.

THIS is a keen, penetrating analysis of the working of the American economic system, the problems confronting it and their possible solution, the new forces contending for its control and the probable outcome of the shift in control.

The American economy is "predominately one of private enterprise" since "about seven-eighths of the output of the United States is privately produced," says Dr. Slichter. However, "although the country has not gone so far in socializing property, it has socialized a considerable part of the income and . . . has intervened in many ways to control the operation of markets."

The author calls it a misnomer when we describe our economy as one of free enterprise, because the freedom of individuals and business concerns to act in the pursuit of their interests is circumscribed by government regulations, such as resale price-maintenance laws, credit controls, minimum wage laws etc. With all that, he finds the American economy to be highly competitive, although he admits that "in some industries the principal competitors are so few that price cutting is discouraged" and that "competition is limited also by various arrangements such as basing-point systems, patent pools, tying contracts and contracts for maintaining resale prices."

In this assertion he is at odds with the conclusions reached by many, if not most, American economists who see the Federal and state Governments powerless to arrest the growing control of monopolistic factors over our price structure after more than half a century of anti-trust legislation. (See the review of *Corporate Concentration and Public Policy,* by Purdy, Lindahl and Carter; ADVANCED MANAGEMENT, December 1948). The competition for the consumer's dollar between different industries to which he refers, while a potent factor in the economy, is not the kind we are accustomed to associate with the term—namely, the contest between producer and producer, between retailer and retailer for the customer's favor by competitive prices for the same product.

The problem of economic stability is discussed at great length. In his elaborate analysis of the operation of the business cycle, Slichter starts with the premise that the world's demand for goods usually exceeds the available supply, which causes business to flourish and expand. The rising-price trend which is prevalent in a period of expansion leads to a gradual falling off in demand and to a period of business contraction. The author believes that control of credit, so administered by a central government board as to counteract the expansion and contraction of the business cycle, can keep the fluctuations of business and employment within narrow limits. Unemployment benefits and an enlarged program of public works during business recessions fit into and supplement his scheme of credit control.

In a careful analysis of our international economic relations he makes clear the hampering effect of our tariff on our export trade and the urgent need of reducing this barrier in order to permit a large increase of imports. The dollars thus obtained by foreign nations would enable them to purchase much needed American goods instead of our giving them away as we are doing under the Marshall Plan.

Professor Slichter believes that the American economy is rapidly becoming a "laboristic" economy because "employees are the most influential group in the community and the economy is run in their interest more than in the interest of any other economic group." He devotes much attention to the problems created by the growing control exercised by the trade unions on the production front; the upward pressure of rising wages upon prices; the disturbance of normal processes of industry by jurisdictional strikes and organized labor's pressure for legislation hampering industry.

In spite of these restraining forces as well as those generated by employers' associations for tariffs, subsidies, restrictive building codes etc., Slichter feels that the economy is sound, because "jobs have increased faster than population" as a result of growth of new industries that create new occupations calling for new skills. With that has come a steady increase in the share of the low-income groups in the national product at the expense

of the property group. He cites impressive figures in support of that statement and concludes that "the effect of technological progress has been primarily to raise money wages rather than reduce the prices of goods."

For some reason, incidentally, the book makes no reference to the role of agriculture in the American economy and the part played by the farmer in its control.

The future of the American economy, in the opinion of the author, will depend on the attitude of the unions controlling the millions of employees "in the laboristic society that is emerging." If the unions "abandon their position of side-line critics and . . . assume their share of responsibility for decisions"; if they "discover their stake in enterprise and progress and . . . support public policies that foster enterprise"; if they are "able to develop ways and means of keeping industry operating steadily with our large ups and downs," then "the rate of industrial progress attained under capitalism will be maintained and the standard of living should continue to double every forty years or less."

Those are big "ifs"; as to the probability of their realization any one's guess is as good as that of the author and this reviewer.

Any one wishing for a stimulating, thought-provoking insight into the working of our dynamic economy will be well repaid for the time spent in reading this compact little book.

N. I. STONE

(Dr. Stone, whose thoughtful reviews are familiar to readers of ADVANCED MANAGEMENT, is a Consulting Economist in New York.)

A Practitioner and an Evaluator

Challenge of the American Know-How, by PEARL FRANKLIN CLARK. 172 pages. New York, 1948: Harper. $2.50.

WE have all stood, on a bright morning, before a jeweler's window as it is being prepared for the day. We see gleaming pins, brooches and bracelets arranged in enticing fashion. Then when all seems finished, a splendid jewel is placed in the center of the array and the entire pattern is given unity.

So it is as this little book comes into view against a background of many previous volumes devoted to the principles and practice of industrial management. A lovely bit of writing in itself, it contains a flashing clarity of understanding and a quality of basic wisdom which earns for it the place accorded to distinction.

Curiously enough, it is an example of a most unusual application of the case method. The case is the story of two personalities, a practitioner and an evaluator, as they face, in their day-to-day activities, the problem of applying the principles of scientific management to the ways and traditions of the industrial Old World.

Poland, France and ten other countries provide the setting for the many experiences which fill the pages. Twenty years measure the span of action. Always we find the author watching, querying, weighing this extraordinary power for group accomplishment called scientific management, which, in the hands of her husband, a serene, confident and courageous personality, accomplished the impossible in European industry, bringing him world-wide acknowledgment and acclaim.

It would be clearly inappropriate to attempt to separate the lessons which this book teaches from their context. Here, at last, the reader may observe deep and fundamental principles in process of practical application, and equally practical and critical evaluation. No attempt is made to indoctrinate, influence or convince. We watch with the author, see with our own eyes, and learn for ourselves.

The treatment is disarming. We find ourselves fascinated by the turn of the narrative and slip into the ease and comfort of the unthinking observer. Then the author suddenly puts a question to herself, and we are sharply reminded that we are not reading a story, but learning of problems and of principles which aid in their solution.

The book may best be read with appropriate intervals for review and consideration after each chapter, for it contains far more food for thought than the rapid reader can assimilate.

Something of this sort has long been needed. The objective spirit in management has too often, of recent years, been portrayed by texts which are either in the nature of Cook's Tours or of cook-books. Neither of these approaches properly dignifies the subject.

Mrs. Clark, in her search for deeper fundamentals, has opened the way to a more basic understanding of the underlying forces which have made the American industrial "know-how" the wonder of the world.

ERWIN H. SCHELL

(Dr. Schell is in the Department of Business and Engineering Administraton at M.I.T. and is a Vice President-at-Large of the American Management Association.)

An End to Importing of Knowledge

Trends in Engineering Education, by JAMES KIP FINCH. 140 pages. New York, 1948: Columbia University Press. $2.00.

THIS well written, thought-provoking book describes certain lines along which the basic philosophy of engineering education has been developing during the last quarter-century, particularly at Columbia, but also, to a considerable extent, throughout the United States.

Two trends are stressed. The first is an almost universal move to broaden engineering curricula by including more of the basic subjects of a general education. At Columbia this trend flowered in 1914 in the Six-Year Course, a "noble experiment," according to Dean Finch, "which proved to be at least thirty years ahead of its time in one direction, and . . . not well adapted to furthering the development of the graduate instruction and research activities in which our interests centered."

There followed, in 1923, the current plan whereby, after two years in Columbia College and two more years in the Columbia School of Engineering, a student receives a first engineering degree, a B.S. A fifth year of

"really graduate work" in his special branch of engineering study can then lead to a master's or to a professional degree. This plan differs from that increasingly in use elsewhere only in that the four undergraduate years are divided between two independently organized faculties, an arrangement possible only in a large university, but one which seems to have had at Columbia certain advantages and few, if any, disadvantages. The author's account of how this plan has worked out, and his wise comments on many phases of the basic philosophy which, in his (and this reviewer's) opinion, should underlie all current engineering education are excellent.

One wonders why Columbia has not yet been persuaded by its own reasoning to take the obvious next step and have but one undergraduate program in engineering instead of the eight still offered. This would be in line with another current trend not mentioned by Dean Finch, namely the rapidly increasing recognition of undergraduate engineering training as an effective preparation for a wide variety of careers in industry and even in professions other than engineering. Dean Finch's brief discussion of this possibility on Page 56 is far from convincing. The real reason may be that Columbia prefers to do this part of the current educational job wholly in the College, and to limit its School of Engineering to the training of men for the profession of engineering as such.

The second trend which the author stresses is one toward a much more scientific and mathematical basis for engineering practice than was formerly the case. Every branch of modern engineering, except electrical engineering, was an art long before any adequate scientific formulations were possible. Furthermore, up to World War II, practically all the important advances in basic engineering science stemmed from abroad, while we in America became masters in the art of importing and using this knowledge. Now Europe can no longer be counted on to pave the way for the advances of the proximate future and our engineering schools are far from ready, in either facilities or staff, to pick up the torch. "This is the problem overshadowing all others faced by our American engineering colleges today."

Dean Finch makes two pleas: that far greater attention should be given to the attainment of a higher level of mathematical and scientific competence in undergraduates; and that there should be a far more rapid development than has occurred in the past in education at the level of graduate instruction and research, as distinguished from and supplementary to the "fifth year" of instructional specialization previously mentioned. The aim would be to develop men competent in either research or advanced design. This is the most thought-provoking part of the book. Everyone will agree with the author's thesis: the question is how many of us can and will do something about it.

The last four chapters of the book contain interesting discussions of industrial research and patent policies; of student guidance, scholastic standards, personality development, and placement; of the growth needs of young men in industry; of a need for instruction in labor relations; of the value of imagination in engineering practice; and of the crying need for special encouragement of students with special abilities.

There is much wisdom in this book; it should be read by every engineering educator.

HARVEY N. DAVIS

(Dr. Davis is President of the Stevens Institute of Technology.)

The Way to Synthetic Standards

Methods - Time Measurement, by HAROLD B. MAYNARD, G. J. STEGEMERTEN and JOHN L. SCHWAB. 292 pages. New York, 1948: McGraw-Hill. $3.75.

RARELY does one encounter in the endless procession of technical books a text with sufficient qualities of uniqueness and significance that it immediately becomes a "must" for the group to which it is directed. This is such a book. No student of time study can afford to be without it, for it treats of matters that are of the true and vital essence of time study.

We are sure that most time study men understand what is meant by the term which forms the title of this book, but, in case there are some who do not fully understand its significance, and because the term is not self-explanatory, a definition may add point to the reviewer's comments.

The authors' definition runs as follows: "Methods-Time Measurement is a procedure which analyzes any manual operation or method into the basic motions required to perform it and assigns to each motion a predetermined time standard which is determined by the nature of the motion and the conditions under which it is made." They also go on to say that this "is basically a tool of methods analysis which gives answers in terms of time without the necessity of making stop-watch time studies." The latter is a rather sweeping statement which the authors wisely expand and temper as the book progresses, for they undoubtedly realize that the subject of "body-member-movement standards," indifferently handled by earlier writers, is of fundamental significance in the future development of time study. It can hardly be said that the subject has arrived, for there remains a vast amount of detailed investigation and experimentation before the technique can be fitted into a universal method for establishing valid work standards.

Nevertheless, it is this reviewer's opinion that the theory on which this book is based provides the core around which future time study methods must be built. At one sweep it disposes of one of the most controversial factors in time study—the question of the rating or levelling coefficient. That is to say that it can (at least in theory) provide the statistical data, the non-existence of which makes rating necessary. In addition to this it promises to reduce the standard data procedure to its ultimate in refinement and in basic simplicity. It remains for the time study experts of the future to provide the necessary perspective and to effect the reconciliation between

the theoretical and the practicable—between the conventional time study of the present and the establishment of synthetic standards based on motion-time data.

Methods-Time Measurement is a definite and major step in this direction and the authors are to be complimented on their clear and restrained presentation of the data they have collected and the methods of using them. Since they are consultants they are also to be commended for having made public what they have obviously so painstakingly collected.

It is not within the scope of this review—or the capacity of this reviewer—to comment on the accuracy of the motion standards presented, or on the details of synthesis. The former we must, for the moment at least, accept and the latter we must view in the light of the authors' warning that the information is still incomplete, and in any event requires careful training and extensive experience before it can be used with assurance.

Under these circumstances, adverse criticism of the details of the book would be a gratuitous quibble. If there are errors, as there probably are, they will be discovered and corrected—and welcomed by the authors who would no doubt be delighted to hear of additions to their data. In the meantime any one who has the responsibility for setting work standards would do well to study this book critically and use it as a reference in any standard data investigation he may be able to make. Others more interested in methods, cost estimating, machine design layout etc. will also find value even though much that appears is already available in other works.

The book is divided into five parts, the first of which is largely introductory, reviewing briefly the history and philosophy of motion study and discussing the manner in which methods-time data are being developed.

The second section is the most extensive and deals, chapter by chapter, with the various basic movements and their standard time values. This is detailed and complete and is completely imaginable. It is followed by a shorter third section which discusses the procedure to be employed in isolating and computing the basic standards in a specific operation. This, of course, is the difficult element in the whole thesis and even strains the imagination when one attempts to relate it to experience with certain jobs. It is in this area that the greatest amount of work yet remains to be done.

Part IV carries through to the establishment of the best method which is obviously an essential procedure if the theory is to be applied realistically. Part V discusses various ways of applying methods-time data, e.g. to tool-design, office operations, etc. Here, also is included a useful chapter on a condensed and simplified method of synthesizing standards rapidly but still with reasonable accuracy and consistency.

RALPH PRESGRAVE

(Mr. Presgrave, who is Vice President of J. D. Woods and Gordon, Ltd., of Toronto, is the author of The Dynamics of Time Study.)

Role of the Corporation Director

The Board of Directors and Business Management, by MELVIN T. COPELAND and ANDREW R. TOWL. 202 pages. Boston, 1947: Harvard Graduate School of Business Administration. $3.25.

The Board of Directors in Small Corporations, by MYLES L. MACE. 92 pages. Boston, 1948: Harvard Graduate School of Business Administration. $2.00.

WRITERS upon business organization and management have discussed, at length and in detail, the duties, problems and opportunities of the typical members of the corporation hierarchy, from the president down through the various grades of supervision to the workman on the job. Comparatively little has been written, however, about the men who are, in theory and in the law of most states, finally responsible for the success or failure of every corporate enterprise.

In following up Dr. John C. Baker's preliminary work on *Directors and Their Functions* with this present "study of the contributions which directors of corporations . . . can make toward an improvement in business administration" Professors Copeland and Towl have provided not only a critical examination of the corporate director's responsibility but also an evaluation of his opportunities for constructive initiative. It should be equally interesting to the man who undertakes a directorship and to the operating executive who is directly responsible to a board of directors.

The directors of a corporation, the authors point out, have a three-fold responsibility. They establish the governing policies under which it is to function; they select and instruct the executive by whom those policies are to be carried out; and they watch his operation, and that of the organization which he heads, to insure that their instructions are given effect and their projected results accomplished.

The proper discharge of these responsibilities demands an understanding of the corporation's obligations, its needs and its problems. The director is not an operating official and must, therefore, whether as a member of the board, or in some circumstances as an individual, exert his influence upon the operation of the corporation through its chief operating official only. Through the latter, however, it should be possible, if a proper working relationship exists between directors and president, to advise, assist, and influence the major operating policies of the executive management.

Just as the conscientious and competent director will make his experience and judgment available to the executive when he feels they may be useful, so the wise executive will appreciate the value of the help available to him from his directors and, without diluting his individual responsibility for operating management, will make use of it when occasion requires.

Professor Mace's study, which is in some respects supplementary to the larger work, applies the principles developed in it to an examination of the obligations and opportunities of the director of the small, often closely held, and occasionally family-type corpora-

tion. In such organizations the restricted size of the board, the possible influence of the history of the business or of a single dominant personality, and the inclination of an "outside" director to leave the formulation of policies to the operating management so long as the condition of the business appears reasonably satisfactory, tend in many cases to limit the contributions which a director makes to the management for which he shares responsibility. The difficulties in the way of properly discharging such responsibility, because of the handicaps under which the "outside" director of a small corporation finds himself, account in considerable measure for the reluctance of some able men, who are otherwise available, to accept such board membership.

Both of these thoughtful studies make extensive use of the case method to illustrate their points, and taken together they constitute an important contribution to the literature of business. They should be of interest and use, not only to the man who is considering undertaking his first directorship, but also to the many experienced business men already serving on corporation boards who recognize the value of a continuing and critical evaluation of their obligations and opportunities. EDGAR W. SMITH

(Mr. Smith is Director, General Staff, for General Motors Overseas Operations in New York.)

Techniques of Employment

Selecting the New Employee, by PAUL W. BOYNTON. 136 pages. New York, 1949: Harper. $2.00.

HERE is another worthwhile addition to the large and ever-growing store of knowledge in that important specialty of the broad personnel field—the selection of the new employee. That's where good personnel administration starts—at the doorstep—and Mr. Boynton's book is particularly timely, since signs have already appeared that "selection" of new employees is again possible.

It is plain that the author has drawn his material from the experience of many years' engagement in staffing an organization but, in addition, has supplemented his views by valuable assists from quite a list of copyrighted references, any one of which is an authority in itself. "The Philosophy of Employment," the lead-off chapter is particularly worthy, establishing a strong background against which the simpler mechanics of employment techniques are sharply defined.

Here and there throughout his book, which is surprisingly brief, there are many hidden gems of wisdom which the employment manager might well jot down and tack to his telephone table—"There is no luck in proper selection and placement . . . "; "We do not lack the right men. We simply have not learned to use them in the right place"; "Never sell a man a job . . . " are just a few of many, but you'll have to look for them. This, the tucking away in unexpected places of significant items, is one of the book's mild disappointments, as is its arrangement. The chapter on "College Recruiting" (a potential volume in itself) seems out of place as a specialty item in the midst of the main theme.

Mr. Boynton has done an excellent job on the "Purposes of the Interview" and "How to Conduct an Interview," while his "Qualifications of the Employment Man," which are stupendous, should bring gratification to every man whose job it is to "select the new employee."

Someday Mr. Boynton might write a companion piece — "the employee selecting his new company." There's a need for this and, judging by his current effort, I think he could fill the job. EDWARD J. WALSH

(Mr. Walsh is Personnel Manager for the General Foods Corporation in New York.)

Manual for Film Users

Films in Business and Industry, by HENRY CLAY GIPSON. 291 pages. New York, 1947: McGraw-Hill, $4.

AS the fly leaf suggests, *Films in Business and Industry* is "a detailed and non-technical manual for business executives, sales managers, advertising managers, personnel managers, and others concerned with the application of visual aids to the problems of industry." The author is President of Filmfax Productions, a non-theatrical film producing company.

The book abounds in illustrations and is especially good in the semi-technical aspects of film production discussed in the chapters on "Selecting a Producer," "How Much Should A Film Cost?", "Supervising a Producer," "The Script," and "How A Film is Photographed." Not only is the 16mm. film well covered but the 35mm. slide film is likewise fully explained. The possibilities and costs of both are detailed so that a business executive who has had little or no experience with them can gain a better knowledge of the two media. A glossary of terms at the end of the book should be helpful to the amateur and semi-professional photographer as well as the newcomer to the visual aids field.

The book gives evidence of haste in its preparation and in its printing. If the author had an outline, it is in little evidence in the final printing despite occasional subtitles throughout the text. Short chapters and an abundance of pictures offset this objection in part. Particularly noticeable in a book on visual aids is the absence of charts (e.g., pie charts, bar charts, and even ordinary rectilinear charts) to illustrate some of the scores of data presented.

Another important shortcoming is the absence of approved source material. Percentage learning figures through seeing are bandied about throughout the text, but the only authority quoted is that of another visual aids organization. Small errors of punctuation and sentence structure and the omission of eight pages of text material in three chapters of the copy reviewed by the writer should be charged to the publisher and his staff of proofreaders and book inspectors.

Another criticism is the author's failure to emphasize fully the pitfalls of the "art" in its present state: careless handling of films by processors; long delays in processing; and failure to reduce costs substantially. The author mentions union restrictions, for example, several times in his text; but not once does he mention the greatest of all restrictions to either the progress of the art or the greatest

cost-reduction possibility: high tariffs on raw and finished film and on equipment and accessories. These and many more day-to-day defects either were not mentioned or were glossed over.

Despite these mechanical and compositional defects and subject-matter omissions, the book is well worth reading and should be in the library of those contemplating tailor-made or commercially available films. Sections dealing with the care and handling of films and equipment are particularly valuable to those starting a visual aids program. Indeed, such sections as that dealing with "Projection Procedure" (Pages 246-250) are worth reproducing as guides for the people in your own organization who may be operating projection equipment.

HAROLD R. NISSLEY

(Mr. Nissley, who is an Industrial Engineer with the General Electric Company in Cleveland, has had wide experience in the industral use of films.)

Making the Agreement Work

Beyond Collective Bargaining, by ALEXANDER R. HERON. 214 pages. Stanford, Cal., 1948: Stanford University Press. $2.75.

MR. Heron combines in his person and writings the practicality which one should expect from the vice president in charge of industrial relations of the Crown Zellerbach Corporation with the psychological insight and dynamic democratic spirit which one should be able to assume as characterizing all college teachers of industrial relations. This all-too-rare combination of grasp of helpful method and profound vision marks this book for a high place in the current literature on collective dealings.

The essential message of the book is summarized in the following paragraph:

"Maturity in collective bargaining, and in employer-employee relations without collective bargaining, is characterized by growing recognition that the big task of getting along together, understanding each other, lies outside the proper scope of collective bargaining, written contracts, and printed shop rules. That big task is typified by the variety of problems, questions, contacts, and relations which begin to appear as soon as the ink is dry on any union agreement."

In other words, this book is pointing out in vivid and specific ways what problems of labor relations will not be solved by legal means and will not be solved by numerous elaborate provisions in collective agreements to cover all sorts of contingencies. Of the essence of productive collective dealings is a commonly shared attitude of good faith and disposition to make the agreement work under mutual respect and trust. And where this attitude of mutuality is present, collective bargaining can not only be made to work without detailed contractual specifications but it can be made to go beyond an atmosphere of higgling to one of trust and cooperative effort for the prosperity of the enterprise.

Mr. Heron knows whereof he speaks in dealing with the usual personnel difficulties which continue to present themselves even when collective bargaining is a fact. He points out that in matters of selection, induction, training, safety, employee suggestions, communication up and down, and relationships with foremen, it is out of the question to anticipate all the contingencies which arise and which will require managers, union officers and workers to seek adjustments in good faith.

It is interesting to observe how this volume embodies in general terms what the National Planning Association Series on "The Causes of Industrial Peace" is amply proving in its studies of individual company dealings with unions under collective bargaining. In other words, given reasonable intelligence in the handling of joint dealings, the crux of their success is an affirmative willingness on both sides to make the agreement work. Given the willingness, adjustments of all details can usually come about with satisfaction to all concerned. Could this volume have been given a title of literal accuracy, it might have been called "Beyond Bargaining to Collective Attitude and Effort."

I can think of no single volume in

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industrial relations which I have read in recent years which could mitigate so well as this one could, if its conclusions were applied in practice, the minor animosities which otherwise bedevil daily shop conduct under collective dealings.

ORDWAY TEAD

People Meeting Together

The Art of Conference (Revised Edition), by FRANK WALSER. 206 pages. New York, 1948: Harper. $3.00.

Standard Business Conference Technique, by CARL HEYEL. 231 pages. New York, 1948: Funk and Wagnalls in association with *Modern Industry*. $2.50.

THERE is abundant evidence all about us that in the fields of the social sciences there is a crying need for more, and ever more, specific knowledge and information combined with greater insight and wisdom on the part of man.

At the recent centenary celebration of the American Association for the Advancement of Science many papers were devoted to the social implications of the greatly accelerated advance of the natural sciences. In an outstanding paper on the subject, Dr. Warren S. Thompson, a distinguished demographer, asked that we study "the social and economic effects of the use of physical and biological science" and that we undertake "the development of a science of human behavior."

In another field — education — a nation-wide study has just been completed by the Social Science Research Council which examines the recruitment, selection and training of social scientists in this country. The conclusion of this study is that much remains to be done before the training of scholars in this important area meets current needs. With so much attention focused on the training of nuclear physicists, chemists and bacteriologists, it is important that we do not neglect the social scientist. This country and the world can use the services of men and women adequately trained in the broader aspects of human relations.

With such evidence from the experts of the need before us we should welcome the issuance of two books which, from different points of view, attempt to throw light and give help on the important matter of people meeting together. One of these books supplies specific and pertinent information in an orderly, useful and workmanlike way; the other contains much wisdom and insight. Both will be of help to those who are interested in the conference as a tool in business and in the social sciences.

Mr. Walser's book has been a classic in this field since its original issuance in 1933. This new edition puts back into print a volume which is a *must* for any study of the subject. The present edition is the result of rewriting and condensation and manages to pack into 206 pages material that filled 305 in the old edition, but I could find no serious omissions, nor has there been anything of significance added. The outline of the text follows the original closely.

Mr. Walser's approach to the subject is that the success of a conference lies in the skill of the planners and leaders in helping the conferees grow and develop integrity and insight—both individually and collectively. He advises the use of the pause, as it is used by the Society of Friends (Quakers) in their meetings.

Mr. Walser is concerned with all types of conferences — discussion groups, educational forums, social and religious conclaves, interracial and international meetings etc., and he rightly analyzes the effect that the philosophical or religious principles of leaders, experts or lecturer can have if they are permitted to have too dominant a role.

Mr. Heyel confines his work to conferences in business. There is a minimum of philosophy and a maximum of specific techniques. He supplies 136 "tested" rules concerning the preparation, the conduct and the follow-up of a successful business conference. Indeed, the book prides itself on the lack of lengthy prose discussion. It is supposed to be, and is, a useful, handy guidebook. Its *do's* and *don'ts* are clear and unequivocal.

That the author chose to present his extensive knowledge of conference technique in this way attests to his awareness of the need for such a straightforward, unencumbered checklist of points which all leaders and planners must keep in mind. At the same time he is, personally, not unmindful of the fact that technique is not enough. For in the introduction Mr. Heyel says, "Mere acquaintance with and honoring of these rules will not in themselves assure the success of any conference. . . any more than an accurate road map and frequent guideposts will assure arrival at a desired destination, since the driver and the conveyance are the all-important factors."

Mr. Heyel is to be congratulated in having assembled and arranged in orderly fashion a set of rules that will help with the smooth and efficient running of a conference, and in recasting the material into useful check-lists. Mr. Walser is to be congratulated in having condensed, for the quicker reading needs of today, his philosophical and spiritual approach to the handling of the dynamics of group relationships. Together these books supply helpful information and insight and wisdom. They belong side by side in every management library.

EVELYN BUCKLEY

(Miss Buckley, a member of the Editorial Committee of this Journal, is a Management and Human Relations Consultant in New York.)

Outline of Manufacturing Problems

Production Control (Second Edition), by LAWRENCE L. BETHEL, WALTER L. TANN, FRANKLIN S. ATWATER and EDWARD E. RUNG. 289 pages. New York, 1948: McGraw-Hill. $3.50.

THIS second edition of *Production Control,* originally "written for use in classes for the Management Defense Training Program," shows considerable revision. According to the authors, it has now been "written to follow or to supplement a basic course in Industrial Organization and Management." As a work on production control, the book leaves several things to be desired.

The volume contains new chapters on "Organization and Control," "Product Development," and "Product Analysis." The section devoted to the control of material has been considerably

expanded, but still lacks specifics on such matters as standardization, product simplification, the economics of order quantities, methods of control of raw material, work-in-process, and finished-goods inventories in different types of manufacture, covering sources of loss, etc.

The additional coverage has been made at the sacrifice of some real information on production control. The number of forms and examples in the original edition has been reduced and, while the number of pages remains substantially the same, the total material on routing, scheduling, dispatching, expediting and control of materials has been practically cut in half to allow for the new material. The chapter bibliographies of the original edition have been eliminated in favor of a single extensive listing of available literature on production control and allied subjects. It is interesting to note that almost exactly half of this Index is a listing of material published in 1940 or before.

Because of the increased generalization of the second edition, this work, in my opinion, is now less than ever a text on production control. The approach is rather a broad outline of the problems in manufacturing, and not specific enough in its statement of good practice in production control, especially in the latest developments, to constitute a satisfactory source of information on the subject.

RUSSEL F. HURST

(Mr. Hurst is Assistant to the Vice President for Manufacturing of the Bigelow-Sanford Carpet Company.)

The Human Factor in Warfare

Psychology and Military Proficiency, by CHARLES W. BRAY. 242 pages. Princeton, N. J., 1948: Princeton University Press. $3.50.

AS subtitled, this is "A History of the Applied Psychology Panel of the National Defense Research Committee" from its initial formation June 20, 1942 as the Committee on Service Personnel through to the completion of the last of its various projects in the Fall of 1945. The research of the Panel concerned those aspects of military psychology which were related to the fundamental pur-

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pose of the National Defense Research Committee—the development of instruments of war. The relevant psychological subjects were classification, training and equipment. Although the clinical and social approaches to military psychology are an integral part of any complete consideration of the human being conceived as an instrument of war, they were not believed to be fit subjects of inquiry for a material agency. The services had other agencies which dealt with problems of this character.

Within the fields of the Panel's research some twenty major research programs were undertaken. These dealt with problems of classification (the Navy Basic Classification Test Battery; tests for leadership, interests and emotional stability, and the preparation of aids to the interviewer); the selection and training of specialists (naval gun and engineering crews, amphibious personnel, cargo handlers and night look-outs); the selection and training of communications and radar personnel (radio code operators, radar operators and voice communication—telephone talkers and training in voice communication in the Army Air Forces); classification, training and equipment in the control of gunfire (stereoscopic height finder and range finder operators, Navy fire control manuals, Army anti-aircraft artillery, field artillery gunsights and procedures, B-29 gunnery, research on fire control and lead-computing gunsights and directors); experimental methods and results in the control of gunfire (methods of measurement and experimental results) and the development of achievement and proficiency tests to measure the effectiveness of various types of training.

At the outset, the Panel worked more closely with the Navy. Later, after it became evident that its research was genuinely productive, the Army also began to call on the Panel for service. At the outset, even in the Navy, problems of liaison between civilian researchers and advisors and those officers charged with operations were numerous. As the author puts it, "To the regular officer, a researcher was like a fifth man at a bridge table, the 'kibitzer' who sees much but has no responsibility for winning the hand." However, through the sympathetic understanding of the officers assigned to the function of general liaison and the development of insights into the problem by the psychologists assigned to the projects, the resistances to the Panel's work were gradually broken down.

For security reasons and to conserve space, it has been impossible for the author to go into much detail about the procedures which were developed. He does, however, discuss their effectiveness at some length. This appeared to vary widely, as might be expected, from project to project. In the area of classification, it was generally difficult to validate the tests against performance in the activity or in combat since sound criteria were difficult to obtain although it was sometimes possible to validate against subsequent standing in training courses. As a result, it is difficult to appraise precisely the contribution which many of these instruments made.

In the area of training, although here also validation of the procedures was often difficult, there is little question but what the Panel projects made valuable contributions. The psychologists brought new and valuable viewpoints and experience to the development of training programs and to the preparation of achievement and proficiency tests to measure training effectiveness. In some instances, changes in training brought greater improvement than could have been produced by expensive mechanical changes.

Probably the most significant contributions were in the area of adapting the equipment which the men were to use to their physiological and psychological characteristics. It was apparently traditional in designing equipment to give relatively little thought to these factors. An extreme example was a new gunsight which could be operated only by men over six feet tall and on a smooth sea.

Announcement

The Lancaster Chapter of S.A.M. is holding an all-day Management Conference on March 4.

Taking the book as a whole, its value to this reviewer is primarily in the picture which it provides of the need for the scientific study of the human factor in warfare. It has been said that World War III would be a "push button" war. But some one must be qualified and trained to push the buttons. The last war illustrated graphically that it is the combination of man *and* machine which wins. As the author states, "failure of either component produces failure of the other and a lack of harmonious adaptation of each to the other will lose the next war. The military psychologist should be the scientific bridge between the two widely different elements—equipment and personnel. In World War II, the Army, the Navy, and the scientific world realized this too late for maximal effectiveness."

The book closes with a plea for a continuation of the psychological research program which has been started and whose merits have already been amply demonstrated. In the author's judgment, the services must maintain their own staffs of capable psychologists if they desire a complete research program. Furthermore, conditions must be such—as apparently they are not now—that qualified men will be attracted. Only a general psychological research agency within the services can provide a continuing high staff level of military supervision so that direction will be in the hands of officers with an appreciation of the broad implications of psychological research, with the authority to see that suitable research facilities are available and to insure that psychologists are not diverted into non-psychological work.

In closing, the author emphasizes the importance of sound psychological research by quoting the Admiral present at the demonstration of the mechanical and electronic marvels of the U.S.S. Missouri who said to the assembled dignitaries: "Twenty-five hundred officers and men. Gentlemen, twenty-five hundred sources of error."

ROBERT N. MCMURRY

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